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IMPACT OF CANADIAN AGRICULTURAL IMPORTS AND ITS EFFECT ON THE SMALL BUSINESS COMMUNITY

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SMALL BUSINESS: FAMILY FARM

OF THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

IMPACT OF CANADIAN AGRICULTURAL IMPORTS AND ITS EFFECT ON THE SMALL BUSINESS COMMUNITY

WASHINGTON, D.C.—JUNE 29, 1983
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CONTENTS

Statement of Senators: Page

- Cohen, Hon. William S., a U.S. Senator from the State of Maine 7
- D'Amato, Hon. Alfonse M., a U.S. Senator from the State of New York 1, 93
- Pressler, Hon. Larry, a U.S. Senator from the State of South Dakota, and chairman, Subcommittee on Small Business: Family Farm 30

Statement of Representative:

- Gilman, Hon. Benjamin A., a Member of Congress from the State of New York 13

Statement of:

- Chapman, Vyron M., Chapman Farms, Cassville, N.Y 105
- Chesbro, Hon. Ray, assemblyman, Fulton, N.Y 126
- Corwith, Richard, Water Mill, Long Island, N.Y., representing the New York Farm Bureau 44
- Coulter, John H., Jr., president, Smith-Coulter & Co., Inc., Chittenango, N.Y 102
- Diebold, David K., Confidential Assistant to the Assistant Secretary for Trade Administration, Department of Commerce 95
- Larkin, Hon. William J., Jr., assemblyman, State of New York 75
- McCann, Hon. John W., assemblyman, State of New York 74, 129
- Nelson, Donald M., Assistant U.S. Trade Representative for Agricultural Affairs and Commodity Policy, Office of the U.S. Trade Representative, accompanied by Leonard W. Condon, Adviser to the Assistant U.S. Trade Representative for Agricultural Affairs 32
- O'Neil, Hon. John G. A., assemblyman, State of New York 71, 123
- Sears, Hon. William R., assemblyman, Rome, N.Y 128
- Smith, Richard A., Administrator, Foreign Agricultural Service, U.S. Department of Agriculture, accompanied by Gretchen Heimpel Stanton, Leader, Inter-America Group, Foreign Agricultural Service 16
- Sorbello, Morris, past president and executive director, New York State Vegetable Growers Association 47
- Utter, Harold, president, G&U, Inc., Goshen, Orange County, N.Y 45

HEARING DATES

June 29, 1983:

- Morning session 1

September 9, 1983:

- Morning session 93

IMPACT OF CANADIAN AGRICULTURAL IMPORTS AND ITS EFFECT ON THE SMALL BUSINESS COMMUNITY

WEDNESDAY, JUNE 29, 1983

U.S. SENATE,
SUBCOMMITTEE ON SMALL BUSINESS: FAMILY FARM,
COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room SR432, Russell Senate Office Building, Hon. Alfonse M. D'Amato (acting chairman of the subcommittee) presiding.

Present: Senators D'Amato and Pressler.

Staff present: John McNamara, professional staff member; Kieran Mahoney, staff of Senator D'Amato; Bruce Ray, legislative director, staff of Senator D'Amato; Jill Edwards, legislative assistant, staff of Senator Pressler; and Dorothy C. Olson, hearing clerk.

STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO (acting chairman). This is a hearing on Canadian agricultural imports held by the Senate Small Business Committee.

I would like, at the outset, to apologize for our starting the proceedings at this time. However, both the House of Representatives and the Senate just concluded two votes.

Our first witness will be Senator William Cohen from Maine. Senator Cohen has had extensive background and experience in dealing with the problems of agricultural dumping, and dealing particularly with the problems of a small farmer who finds himself without resources to combat this growing problem. It is a problem that threatens the small family farm in New England, in New York, in New Jersey, and in the Northeast. We have seen the effects.

Senator Cohen, I am delighted that you are here. You have been in the forefront in helping to deal with this problem and in terms of the legislation that you and others have proposed. Let me suggest to you that this is one Senator who may come from the metropolitan area of New York, but who is particularly cognizant of the problems that this kind of situation poses to all of our economies.

I am going to ask, for the record, that my statement which is six pages be included in the record as if read in its entirety.

[The prepared statement of Senator D'Amato follows:]

STATEMENT BY
SENATOR ALFONSE D'AMATO
AT THE JUNE 29, 1983 HEARING ON CANADIAN AGRICULTURAL IMPORTS
FAMILY FARM SUBCOMMITTEE
OF THE SENATE SMALL BUSINESS COMMITTEE

THIS HEARING WILL FOCUS ON A TOPIC OF IMMEDIATE AND PRESSING CONCERN --- THE PLIGHT OF OUR NORTHEASTERN FARMERS WHO MUST COMPETE WITH THE SUBSIDIZED PRODUCE OF A FOREIGN COUNTRY. THE PARTICULAR PRODUCTS OF CONCERN, POTATOES AND ONIONS, ARE ONES WHICH, BECAUSE THEY ARE PERISHABLE PRODUCTS, ARE ESPECIALLY SUSCEPTIBLE TO TEMPORARY SHIFTS IN THE MARKETPLACE. CANADIAN ACTIONS, AND I HESITATE TO CALL THEM RECENT ACTIONS BECAUSE I BELIEVE THEY ARE INDICATIVE OF THE GENERAL DIRECTION OF THAT COUNTRY'S AGRICULTURAL TRADE POLICY, HAVE MATERIALLY INJURED AMERICAN FARMERS FROM MY STATE AND MANY OTHER AREAS OF THE NATION. IT IS MY HOPE THAT THIS HEARING, BY ASSESSING THE AVAILABLE OPTIONS, WILL PRODUCE AN AGENDA FOR THE EVENTUAL SOLUTION OF THIS PROBLEM.

SPECIFICALLY, TWO WITNESSES FROM CONGRESS, MY GOOD FRIEND AND COLLEAGUE, SENATOR BILL COHEN, AND MY FELLOW STATE PARTY DELEGATION

MEMBER, REPRESENTATIVE BEN GILMAN, WILL TESTIFY ABOUT THE EXTENT OF THE DAMAGE THAT THEY THEMSELVES HAVE WITNESSED IN THEIR RESPECTIVE DISTRICTS. BOTH WILL ALSO DISCUSS THE MERITS OF LEGISLATION THAT THEY HAVE INTRODUCED IN ORDER TO CORRECT THE INJUSTICES CURRENTLY BEING SUFFERED. REPRESENTATIVES FROM THE U.S. DEPARTMENT OF AGRICULTURE AND THE UNITED STATES TRADE REPRESENTATIVE'S OFFICE WILL THEN PRESENT TESTIMONY TO CLARIFY WHAT ACTIONS, IF ANY, OUR GOVERNMENT HAS DEEMED IT NECESSARY TO TAKE IN ORDER TO PROTECT THE LIVELIHOOD OF OUR FARMERS. THIS HEARING WILL THEREBY PRESENT A FORUM FOR THE DISCUSSION OF THE VARIOUS REMEDIES WHICH WE NOW KNOW EXIST.

FOLLOWING THE WITNESSES TESTIFYING ON BEHALF OF THE ADMINISTRATION WILL BE A PANEL OF TWO FARMERS FROM MY STATE, ONE WHO GROWS POTATOES AND THE OTHER ONIONS. I BELIEVE THAT IT IS IMPORTANT THAT WE NOT FORGET THOSE WHOM WE ARE HERE TO SERVE. TOO OFTEN, THESE DELIBERATIONS ARE CONDUCTED IN A VACUUM, AS WE FAIL TO HEAR FROM THOSE MOST DIRECTLY AFFECTED BY OUR ACTIONS. THESE FARMERS WILL, I BELIEVE, SPELL OUT MORE DRAMATICALLY THAN ANY STATISTICS COULD THE HARDSHIPS WE ARE INFLICTING ON OUR SMALL FARMERS BY OUR CURRENT INACTION, INDECISION, AND INATTENTION TO THIS PROBLEM.

THE FINAL PANEL APPEARING BEFORE THE SUBCOMMITTEE TODAY WILL BE SOME ASSEMBLYMEN FROM MY STATE. THESE REPRESENTATIVES HAVE TAKEN TIME FROM A BUSY LEGISLATIVE SCHEDULE I ORDER TO POINT OUT THE SPECIFIC PROBLEMS THAT ARE BEING FACED BY FARMERS IN NEW YORK. IT IS MY HOPE THAT THEY WILL COMMENT ON THE SPECIFIC LEGISLATIVE REMEDIES THAT THEY WOULD WISH TO SEE THE FEDERAL GOVERNMENT UNDERTAKE.

AS I SEE IT, THERE ARE THREE POSSIBLE REMEDIES TO THE PROBLEM OF UNFAIR COMPETITION RESULTING FROM SUBSIDIZED CANADIAN IMPORTS. FIRST, WE COULD FOLLOW THE APPROACH FAVORED BY MY DISTINGUISHED COLLEAGUE FROM MAINE, SENATOR COHEN, AND ALLOW THE COURTS TO DEAL WITH THIS PROBLEM WHILE WE PROVIDE AID TO THOSE AMERICAN FARMERS WHO ARE TOO SMALL TO HIRE THE POWERFUL AND EXPENSIVE LAWYERS WHICH MUST BE USED TO LITIGATE UNDER THE COMPLEX TRADE LAWS OF THIS COUNTRY. A SECOND OPTION WOULD BE TO FOLLOW THE APPROACH OF MY GOOD FRIEND, BEN GILMAN, WHOSE LEGISLATION WOULD ATTEMPT TO MIRROR CANADIAN SUBSIDIES FOR THE VARIOUS PRODUCTS IN QUESTION. A FINAL ALTERNATIVE WOULD BE TO PRESS FOR A FORMAL DECLARATION BY THE ADMINISTRATION OF UNFAIR, SUBSIDIZED COMPETITION WHICH WOULD ENABLE APPROPRIATE TARIFF OR QUOTA RETALIATORY ACTION TO BE TAKEN.

CONSPICUOUSLY ABSENT FROM THIS LIST OF OPTIONS IS ONE WHICH WOULD NORMALLY BE LISTED -- RELIEF NEGOTIATED BY THE TRADE REPRESENTATIVES OF THIS COUNTRY AND CANADA. I NOTE THIS OMISSION BECAUSE MY PRELIMINARY INVESTIGATION LEADS ME TO BELIEVE THAT NO SUCH HELP WILL BE FORTHCOMING ON THAT FRONT FROM OUR TRADE REPRESENTATIVES. WHILE I HOPE THAT I AM WRONG ON THIS POINT, AND INTEND TO ASK MR. NELSON OF THE UNITED STATES TRADE REPRESENTATIVE'S OFFICE SPECIFIC QUESTIONS ON THIS MATTER, AS A REALIST I MUST EVENTUALLY PLACE GREATER EMPHASIS ON THE ACTIONS OF INDIVIDUALS THAN ON THEIR WORDS. THE WORDS OF OUR TRADE REPRESENTATIVES ARE ENCOURAGING; THEIR ACTIONS ARE NOT. IN INVESTIGATING THIS PROBLEM, NOTHING HAS STRUCK ME SO MUCH AS THE DIFFERENCE BETWEEN THE ATTITUDES OF THOSE IN THE UNITED STATES RESPONSIBLE FOR THE ENFORCEMENT OF OUR TRADE LAWS AND THEIR CANADIAN COUNTERPARTS. WHILE WE ARE OFTEN REMINDED OF THE BENEFITS OF FREE TRADE, OUR CANADIAN COUNTERPARTS ARE SKILLFULLY

MANIPULAING THAT FINE LINE BETWEEN AN AGGRESSIVE EXPORT POLICY AND PROTECTIONISM THAT ALLOWS THEM TO REAP THE BENEFITS OF FREE TRADE WITH THE UNITED STATES, WHILE STILL CONTINUING TO INJURE THE FARMERS OF MY STATE AND THE REST OF THE NORTHEASTERN UNITED STATES. QUESTIONS WE MUST FACE TODAY INCLUDE: WHETHER OR NOT TO RETALIATE? AND HOW CAN WE BEST GO ABOUT ENSURING A "LEVEL PLAYING FIELD" FOR THE AGRICULTURAL PRODUCERS OF BOTH NATIONS?

THE FIRST COMMODITY THE SUBCOMMITTEE WILL LOOK AT TODAY IS POTATOES. IN THIS FIELD, THE CANADIAN MINISTRY OF AGRICULTURE IS USING LOW-INTEREST LOANS TO FARMERS, SUBSTANTIAL TRANSPORTATION SUBSIDIES, STABILIZATION PAYMENTS FOR CROP PRODUCTION, AND AN EXPORT PROMOTION PROGRAM TO EXPAND THEIR SHARE OF THE MARKET IN THE NORTHEAST. OVER THE LAST DECADE, ACCORDING TO MR. EUGENE F. WHALEN, THE CANADIAN MINISTER OF AGRICULTURE, IN A SPEECH HE GAVE TO CANADIAN POTATO GROWERS, THE CANADIAN GOVERNMENT SUBSIDIZED THE POTATO INDUSTRY IN CANADA IN THE AMOUNT OF $60 MILLION. WE HAVE NO SUCH SUBSIDIZATION OF POTATOES. INVESTMENTS IN CANADIAN POTATO FARMING ARE EFFECTIVELY SUBSIDIZED BY A PROGRAM THAT THE FEDERAL GOVERNMENT OF CANADA RUNS WHICH PAYS PRODUCES THE DIFFERENCE I PRICE BETWEEN WHAT POTATOES ACTUALLY SELL FOR AND 90% OF THEIR AVERAGE SALE PRICE OVER THE LAST FIVE YEARS. THIS MEANS THAT SOMEONE CAN SAFELY INVEST IN CANADIAN POTATO PRODUCTION WITHOUT FEAR OF FALLING BELOW A SET RETURN ON THEIR INVESTMENT. THIS HAS UNDOUBTEDLY BEEN AMONG THE MAJOR CAUSES FOR THE HUGE INCREASE IN CANADIAN POTATO PRODUCTION AND EXPORTATION. THESE ADDITIONAL CANADIAN POTATOES ON THE MARKET, MOREOVER, INSURE THAT THE PRICE RECEIVED IN THE NORTHEAST BY EITHER CANADIANS OR AMERICANS WILL REMAIN AT THE CURRENTLY DEPRESSED LEVELS IF ACTION IS NOT

TAKEN SWIFTLY. THE CANADIANS, WHO THROUGH THEIR PRICE SUPPORT PROGRAM WILL BE ABLE TO WEATHER THIS STORM, WILL THEREFORE BE IN A BETTER POSITION TO DOMINATE THE MARKET IN THE NORTHEAST. OUR FARMERS, WHO MUST COMPETE IN A FREE MARKET WITH NO HOPE OF POSITIVE GOVERNMENT INTERVENTION, WILL ONCE AGAIN BE LEFT TO WITHER ON THE VINE.

IN THE CASE OF ONIONS, WHERE A FORMAL PETITION SIMILAR TO THE ONE FILED BY POTATO GROWERS FOR RELIEF FROM THE UNFAIR CANADIAN TRADE PRACTICES HAS NOT BEEN FILED BECAUSE OF THE PROHIBITIVE COST, THERE IS MUCH LESS OF A TRACK RECORD TO DRAW UPON. NEVERTHELESS, THAT WHICH IS AVAILABLE IS QUITE CLEAR. HERE AGAIN, CANADIAN TRADE PRACTICES ARE UNFAIR.

WHILE CANADIANS MAY POINT OUT THAT THE OVERALL AGRICULTURAL TRADE BALANCE BETWEEN OUR TWO NATIONS IS NOT SKEWERED TO THEIR ADVANTAGE, THIS IGNORES THE FACT THAT NO AREA IN CANADA IS CAPABLE OF PRODUCING THE GREAT VARIETY OF FOODSTUFFS THAT CANADIANS WISH TO CONSUME DURING THEIR HARSH NORTHERN WINTERS. THEREFORE, CANADIANS DO IMPORT SIGNIFICANT AMOUNTS FROM STATES LIKE CALIFORNIA, TEXAS, AND FLORIDA, WHERE THE GROWING SEASON FOR SOME CROPS EXTENDS THROUGH THE WINTER MONTHS. BUT THIS IMPORTATION IS ONLY TO FILL A NEED THAT COULD NOT BE MET AT SIMILAR PRICES FROM ANY OTHER SOURCE OF SUPPLY. THE ARGUMENT THAT CANADIANS WILL RETALIATE AGAINST THESE WINTER CROPS IS THEREFORE SPECIOUS. CANADIANS WILL DO WHAT IS IN THEIR BEST ECONOMIC INTERESTS, NOT WHAT WILL CAUSE THEM DAMAGE.

THIS BASIC FACT LEADS CANADA, IN THE CASE OF ONIONS, TO ALLOW IMPORTS INTO THEIR COUNTRY DURING THOSE MONTHS WHEN THEY CANNOT BE

PRODUCED DOMESTICALLY AND TO SLAP A SURTAX ON ONIONS WHEN THE CANADIAN FIELDS COME INTO PRODUCTION. I BELIEVE THAT THE CANADIAN GOVERNMENT IS ALSO DIRECTLY SUPPORTING THE ONION INDUSTRY.

THESE TWO COMMODITIES, WHICH ARE AN INTEGRAL PART OF THE ECONOMY OF MY STATE AND, TO A LESSER DEGREE, OF THE ECONOMY OF THE ENTIRE NORTH-EASTERN UNITED STATES, MUST BE PROTECTED. I DO NOT CASUALLY ADVOCATE INTERVENTION INTO THE MARKETPLACE. BUT THE ISSUE HERE IS NOT FREE TRADE IT IS FAIR TRADE. GIVEN THE OPPORTUNITY TO COMPETE ON AN EQUAL BASIS, THE FARMERS OF NEW YORK AND THE ENTIRE COUNTRY CAN BE THE PRIDE OF NATION AND THE BACKBONE OF OUR ECONOMY. FORCED TO COMPETE WITH FOREIGN TREASURIES WORKING IN CONJUNCTION WITH FOREIGN FARMERS, THIS ONCE VITAL SECTOR OF OUR ECONOMY COULD BE RETURNING TO WASHINGTON IN THE NEAR FUTURE WITH PLEAS FOR MORE URGENT AND COSTLY THAN THOSE WE WILL HEAR TODAY.

Senator D'AMATO. Senator Cohen.

STATEMENT OF HON. WILLIAM S. COHEN, A U.S. SENATOR FROM THE STATE OF MAINE

Senator COHEN. Thank you very much, Mr. Chairman. I sincerely do appreciate the opportunity to appear before you to present some testimony on the problems facing northeastern agricultural producers—many of whom, as you have indicated, are family farmers—as a result of what I would call the present inequitable trade practices of the Government of Canada. I want to take this opportunity to commend you for your very strong interest, as an urban boy, of coming to the rescue at least of some of the rural areas.

The problems plaguing United States-Canadian agricultural trade in the United States are growing, and they have reached crisis dimensions for northeastern producers. Volumes of agricultural products exported from Canada to the Eastern United States have increased dramatically—I might point out by 700 percent in fresh potatoes—while the U.S. shipments to Canada have decreased correspondingly in the East.

Trade is rapidly becoming a one-way street, with the thoroughfare blocked for many of the American producers. Recent Canadian trade surpluses document the problem, with Northeastern U.S. farmers facing the economic effect of this, again, inequitable situation.

In November 1981, I conducted some hearings in the Governmental Affairs Subcommittee on Oversight of Government Management concerning the issue of United States-Canadian trade and the effects on border States. I learned that the problem is much broader than potatoes, lumber, and fish. It encompasses most of the agricultural products produced in the Northeastern States, including eggs, apples, maple syrup, and other commodities. I also learned that trade is increasingly unfair, and that a major part of the economic dislocation and burden falls upon the small farm producers of many of these products.

To give you an example, it was documented in those hearings that potatoes were an important item for the Canadians and that the concessions were granted in the Tokyo round of the multilateral trade negotiations. Unlike the U.S. negotiators, who were interested mainly in national issues such as the Government procurement and subsidy codes, the Canadians took a more parochial approach and they demanded concessions on items such as wood products, potatoes, and fish.

In fact, a U.S. Trade Representative document entitled "Fruits and Vegetables in the MTN" notes that the United States, in fact, readily conceded a reduction in the duty on potatoes. I want to quote from that document: "The gradual elimination of quotas on fresh potatoes will result in the harmonization of border trade with Canada. The modest reduction in duties is expected to increase Canada's exports about $300,000." That was the document on which they based their prediction, and thereby allowed the reduction of the duty.

At that time the United States was selling more potatoes to Canada than we were purchasing, with our sales being concentrated in the Western States and from summer-producing States in the East. Since then the trade volume has reversed, and Canada now exports more to the United States and purchases fewer potatoes than any time in recent history. Although the Federal Government projected, as I mentioned, a $300,000 increase in United States-Canadian trade in potatoes, the figures for 1981 were closer to $30 million. Therefore, they said $300,000 but the figures came out to $30 million.

Now I find it difficult to understand, Mr. Chairman, why the United States granted concessions on products already in a surplus situation here in this country. Growers in both Maine and New York can attest to the fact that there is rarely a shortage of fall potatoes in the Eastern U.S. market. Nonetheless, in return for U.S. concessions Canada gave the United States a concession on products such as winter citrus and vegetables which are not available in Canada during the winter months, products which Canada has to buy to meet their consumer demand.

Now you will hear the argument made time and time again that the currency exchange rate by people on both sides—Canada and the United States—that they cite this as the primary reason for the trade discrepancy, and I would agree that it is a factor. There is no hiding the fact that Canadian federal and provincial governments also have aggressively targeted the potato and other small agricultural industries for growth and development with U.S. export markets in mind, and I am referring specifically once again to the Department of Regional Economic Expansion and the subsidiary agreements it has consummated with individual provinces in addition to numerous other programs.

Mr. Chairman, northeastern farmers are operating at a distinct disadvantage right now in the marketplace. While the exchange rate differential gives the Canadian producers an immediate 20-percent advantage, Canadian Government programs and predatory pricing policies further aggravate the problem. In addition, it is of particular interest to the United States onion industry that Canadian producers enjoy the protection of a so-called fast track trade relief system for perishable commodities.

Last year the Canadian Government placed a surtax on U.S. western onions entering Canada. The system is responsive to Canadian growers and assistance was readily available in a very short period of time. There is no corresponding system available in the United States, other than section 201, the escape clause procedures provided in the 1974 Trade Act; and, I might add, that particular remedy is available only to those who have the time and, more importantly, have the money to pursue this course of action. Most section 201 cases now exceed over $200,000 in fees, and even if the injury is determined and action recommended by the International Trade Commission, any relief is still at the discretion of the President.

Now it seems to me to be a case of gross unfairness that the United States producers have no adequate relief mechanisms, while at the same time Canadian onion producers benefit from the so-called surtax system in their domestic market while having totally open access to U.S. markets.

I have recently introduced legislation which I feel will address some of the problems that our small industries are facing. S. 50, the Small Business and Agricultural Trade Remedies Act, would provide assistance to small industries and farm groups at the Department of Commerce by helping to defray expensive legal and consulting fees on a cost-sharing basis.

The bill would also provide for special provisions for perishable commodities, such as emergency action by the Secretary of Agriculture under section 201 of the Trade Act.

The legislation would provide the Secretary with the authority to take emergency action when perishable farm products are entering the markets, causing injury to domestic farm producers.

Now as you may know, the Maine Potato Council, on behalf of the potato producers of Maine, New York, and some of the other Northeastern States, filed an antidumping action against the Canadian producers. This process, I might point out again, has been extremely costly. I have personally walked through the process and experienced the industry's frustration with the functioning of the trade relief provisions.

Mr. Chairman, again I want to commend you for your efforts on behalf of the family farmers of this country. These small farmers, especially fruit and vegetable growers, do not benefit from the protections offered by the Federal price support programs or the trade relief provisions of section 22 of the Agricultural Act, which gives import relief for crops produced under Federal support programs. These farmers are largely at the mercy of the marketplace, and since perishable commodities are extremely price-sensitive, any disruption in the traditional markets by an outside supply source can totally depress prices for an entire marketing season.

I think that attention to this problem is long overdue, and I look forward to working with you and other members of the subcommittee in assisting the farmers to try and remain competitive and economically stable. Solving the problems of these small agricultural producers will not only require streaming and reforming our own trade laws, but that our Canadian neighbors abide by trade rules which are equitable and truly compatible with the notion of free trade.

That completes my prepared statement, Mr. Chairman. I would be happy to try and answer any questions. Ultimately what I find involved in our current trade situation is, we have a very complex set of trade relief programs and statutes, most of which are not only complex, they are even contradictory in some instances. They have different rules that apply, different tests that are applied. They are extremely costly, and ultimately they have proved quite illusory. Even in cases where we have found that action is warranted against certain countries, the President has seen fit to waive those provisions in order to have better relations with that particular country.

Recently we had a situation dealing with lumber which, in my judgment, I do not personally feel was made on the merits, but made because of political or diplomatic considerations. Frankly, I don't know what hope we hold out to U.S. producers if they say, No. 1, not only are our laws not protecting us but, No. 2, we are finding that our competitors are totally ignoring a sense of equity and fairness and fair play. Apparently, "free trade" means it is all free one way, and there is no sense of fairness involved.

Therefore, I hope that you can continue with these hearings. I know that we have several Congressmen coming from your State that I hope will amplify on my own remarks.

Senator D'AMATO. Senator Cohen, I would just simply like to take this opportunity to say that if there is anyone who has been a leader in this area and who has, I think, fashioned legislation that is rather modest in terms of dealing with a tremendously complex aggravating problem, I would hope that the administration would support these efforts, which are modest efforts in terms of dealing with it. The executive does not want to surrender the kind of power that I think is necessary for the protection of our farmers.

You mentioned that the Canadians have imposed a surtax on onions, and there is no adequate relief in sight for the onion farmers in these cases. To bring these cases is very costly, et cetera. As you say, you have walked people through the process—a process which takes an inordinate period of time, and you win nothing in the end unless the President agrees at the end, even if you are successful.

Senator COHEN. Well, it may take as long as 6 to 8 months to get any kind of relief, assuming you can establish all of the factors that would be necessary under our procedures. No. 1, most of these industries do not have the basis for collecting the data.

Now one would think that this Federal Government of ours should be organized, as such, to collect information that would be designed to protect our industries from unfair predatory pricing policies, dumping of products of our markets, basically undercutting the whole free trade aspect of our relationship, and yet you will find that this Government collects very little information except on a regional basis and that information cannot be used successfully by most individual producers.

Therefore, we have had a situation where the Maine Potato Council, for example, had to go out and hire an economist to try to gather this information which, in my judgment, should have been collected by the Federal Government in the first place.

Senator D'AMATO. Do you think eventually we will have to come to the point where we have a surtax on various agricultural products to offset the inequities that our farmers are dealing with?

Senator COHEN. I believe in the concept of reciprocity. I think that to the extent that any other country adopts policies through which they can put up a barrier almost immediately—not going through Congress, not going through their parliament, not taking a great deal of time, but overnight impose a surtax whenever they feel that their domestic industries are jeopardized—it seems to me if they can do that, then we ought to have some sort of mirror or reciprocal legislation saying that it works both ways.

I have heard Secretary Brock, whom I believe has been one of the most responsive individuals in the entire administration to this problem, say to me that free trade has to be fair or it is not going to be any trade at all. That is the concept that I believe we ought to have, reciprocity to the extent that when other countries who are major competitors with our producers have these added legislative or executive programs that will assist them, we ought to have something comparable to make sure it is evened out. Otherwise we are in a situation where they do have a 20-percent advantage on the monetary exchange, plus the surtax, plus export subsidies, plus programs to help in subsidizing transportation, plus programs to build grain storage facilities or packing houses, and so forth.

Now it seems to me that if we do not have that kind of reciprocity, then we are going to see a continuation of what I have seen to date, and that is a lot of small farmers going out of business.

Senator D'AMATO. Well, let me follow up with one other question, Senator Cohen. It is probably a lack of sensitivity on my part, but I have demonstrated that repeatedly in any event, at least toward the fellows in the bureaucracy.

Soon we will be hearing from representatives of the U.S. Trade Representative's office and the U.S. Department of Agriculture. How would you characterize their responses to the concerns of the potato farmers and the other small farmers from our States in dealing with this? Have they been helpful? Have they been obstructionists? Has there been a lack of movement in this area?

Senator COHEN. Let me say that I think the people who are currently in the administration have been the most helpful of any that I have seen in 10 years, and that cuts across Republican and Democratic administrations in the past. For the past 10 years I have seen an attitude, basically, of hostility. The Commerce Department or the State Department, those involved with trade, have looked upon domestic producers as people who are simply complaining, could not compete, and were down here trying to get the

Government to intervene. They viewed our producers almost as adversaries.

There has been an adversarial attitude, for the most part, until this administration, and I say this not in any partisan sense because I can go back to the Nixon/Ford years as well as the Carter years and say that that was the attitude that prevailed. There has been a change; there are good people there.

The difficulty is that you can have great people—and we have had testimony before Senator Roth's Governmental Affairs Committee dealing with a trade reorganization proposal—and what you have to have to make any kind of a trade program work, you have to have, No. 1, a structure; then you have to have a policy; then you have to have people. Now you can have great people and even good policy, but if you have a bad structure it is not going to work. You can have a poor structure, good policy, good people, and it still won't work. You have to have all three.

I think we have good people who are quite responsive but you have a system which is inherently complex, inherently costly, inherently very difficult to establish any proof that would satisfy the GATT requirements, for example. Therefore, you have a system which does not lend itself to being responsive. I would say this administration, with the people that I have dealt with in Commerce, with those in STR and those within the State Department, have tried to be very helpful and very cooperative. It has been a remarkable change in attitude.

Nonetheless, if you look through all the sections that currently are on the books, there is little opportunity for the small farmer to take advantage of those remedies. No. 2, the remedies themselves ultimately prove illusory.

Senator D'AMATO. Senator, I want to thank you so very much for taking of your time, and say that this is one Senator who is looking forward to working with you toward helping to develop the reciprocal legislation which I believe our farmers and our producers are entitled to. I concur with you 100 percent, that if another country is going to have a system that they can implement and they do implement at times, one that inures to their benefit and to the detriment of our producers, then we should see to it that our citizens have that same kind of protection.

Senator COHEN. Well, I understand that Congressman Snowe and Congressman Ben Gilman also are supporting an effort in the House to get some sort of a mirror proposal or a surtax proposal, which I would recommend that we support very strongly.

Senator D'AMATO. Thank you, Senator.

With that, our next witness happens to be Congressman Ben Gilman from the State of New York. Congressman Gilman has been one of those who have been in the forefront, dealing with this problem.

Congressman, I hope you will have the opportunity to talk about not only the problem, but also about the legislation which you are supporting. I am looking forward to that legislation coming over here on the Senate side because I think we need it. I am going to work for it and with it and with you in helping to bring some relief. Thank you for making the time available to be here today.

STATEMENT OF HON. BENJAMIN A. GILMAN, A MEMBER OF CONGRESS FROM THE STATE OF NEW YORK

Representative GILMAN. Thank you, Mr. Chairman. I want to thank you for arranging the hearing today and for inviting some of our farmers to participate, and our State legislators. I am pleased that I am joined today by Assemblyman William Larkin of the 95th District from the State legislature, who will be testifying later on, and Jim Utter of the farm of Gratz and Utter, one of the largest onion producers in our area, who also will be testifying later on today.

Mr. Chairman, I feel that it is vitally important for the future of agriculture in our State, as well as the Northeast, that the matter of Canadian imports be addressed at the congressional level. I want to thank your subcommittee for agreeing to look into this matter and for conducting an extensive hearing. I expect that Congress will be required on more than one occasion to address this question. I am hopeful that some redress for our region's growers will be emanating from both the Senate and House investigations of the matter.

As stated so well by Senator Cohen, our farmers are currently suffering from an influx of Canadian produce that is damaging our domestic prices. Most farmers in our region are mortgaged to the hilt, and import price undercutting only makes it much more difficult for the American vegetable producer to grow and sell his crops.

This problem is compounded because our growing season and that of the Canadians, as you know, is similar, and because New York and other Northern States share a common border with Canada. In order to save on transportation costs, the Canadians bring their produce across the border into one of the heaviest marketing areas in New York State, and that is where it stays. It is sold in the New York State marketing area and does not make its way any further south. Because our New York growers have their own produce to sell, these like crops enter into direct competition.

However, while believing that competition in a free and open market is good, the problem that exists in New York as well as other Northeastern States is the volume of a particular commodity that is dumped in one State by the Canadians. The Canadian farmer is highly subsidized by his Government, and yet our own farmers are expected to do battle in the marketplace without any substantive assistance from their Government.

Recently the Subcommittee on Trade of the Committee on Ways and Means in the House announced its intention to hold 2 days of hearings on options to the trade remedy laws; 1 day was intended for the administration and the other for the public. Because of the outcry by almost every industry, those 2 days of hearings stretched into 7 days of hearings. That overwhelming response by the American public has provided the momentum to fashion legislation that will adequately address their concerns.

The measure which I introduced, Mr. Chairman, and which you have referred to, is designed to rectify the inequity now suffered by our domestic vegetable growers. H.R. 3193, the Fresh Vegetable and Potato Trade Act of 1983, would create a floating commodity surtax, a surtax to be implemented only when a specified vegetable which is flooding the American market is priced significantly below that produced in this country.

The surtax would only be imposed after the Department of Agriculture had monitored both the price and quantity of the vegetables, determining whether actual damages had occurred and the extent of economic impact on our domestic growers. If actual damages were found, the surtax would be imposed on a weekly basis.

Because the price of commodities would be compared on a weekly basis to determine whether or not there is a major difference in price and quantity, there would be weeks when the surtax would not be imposed. As I mentioned earlier, this measure is designed to be used only when needed, somewhat of a safety net. The commodities my bill intends to monitor include cabbages, celery, carrots, lettuce, red and white storage onions, potatoes, and radishes. The Secretary of Agriculture could be petitioned to include additional commodities on the list from time to time.

My legislation seeks to redress the inequity that exists when our domestic growers are fortunate enough to be able to bring their produce to market. This measure is becoming a vehicle with both grassroots and bipartisan support. I have been receiving requests for further information from both the Senate and the House. I feel that the bill would be an important tool in helping to resolve the problem presently confronting our agricultural growers.

Mr. Chairman, I thank you for taking the lead on this issue. I would be pleased to answer any questions that you might have.

Senator D'AMATO. Congressman, what has been the attitude to date, of the various departments that would comment, with respect to GATT, our trade people, the Agriculture Department people, in terms of the legislation that you have proposed?

Representative GILMAN. Well, they have been interested in the legislation. Of course, they are concerned about protectionist legislation and have indicated that to us, but we have been informed that they are interested in the legislation because it could be an important bargaining tool for them in further negotiations. It underscores the importance that we place on the issue in our own region. As a matter of fact, they sat in conferences with us and helped us in the formulation of the legislation.

Senator D'AMATO. We continually hear these cries—it is almost like you can count on it—"This would violate GATT," no matter what the legislation is, "This would be violative of GATT." Of course, I happen to think that GATT has been violative of the rights of tens of millions of Americans and has helped and has been used, as Senator Cohen has indicated, to thwart Americans rather than to help us. Over a period of years it has failed to be administered; it has failed the American public.

I think that the interests of the American public unfortunately have been made totally secondary to international politics. We want our missles. We want our bases. We want good relations. We want great overall policy, and the nitty gritty, day in and day out—whether today it is the potato grower or the onion grower or the vegetable grower or the lumberman or the fisherman, and we can go into the other small industries—one at a time we will see these have suffered under this kind of myopic thinking. I say it is myopic when we say, "Oh, we have to be interested in the big picture," and in the meantime we surrender everything in little pieces, in little bits.

Therefore, let me ask you this. The bottom line: Are they going to support this legislation? Let me say this is one Senator who is going to support this bill, your bill, and I would like to build a coalition to introduce similar legislation on the Senate side. What do you envision with respect to the bureaucracy?

Representative **Gilman**. Well, I certainly appreciate your comments and I welcome your support, Senator D'Amato.

I am being frank when I say I don't know whether we will ultimately garner an endorsement of the bill. At this point they are interested in the proposal for purposes of negotiation. Whether they would ultimately support the bill or not remains to be seen.

With regard to your inquiry about whether it is GATT-legal, whether it comes within the purview of GATT and would be proper under our existing GATT agreements, we have looked into that issue extensively. Based on all the discussions we had while fashioning this legislation—and we received input from the Department of Agriculture and the Office of the U.S. Trade Representative, as well as the Congressional Research Service, and other agencies in the Federal Government—the majority opinion felt that my legislation was GATT-legal. The Canadian surtax system only considers the price of commodities, and does violate GATT, for which the Canadians compensate the United States. Because our approach takes into account quantity as well as price and differs from the Canadian surtax in that respect, most of us feel it makes the legislation GATT-legal.

Therefore, I think that we may have overcome one of the major objections, and we would hope that we would have eventually the support of the departments, but at this point I am unable to say categorically that they are on board.

Senator **D'Amato**. Let's maybe focus in on just one other area. We might talk about, let's say, an onion crop. Some people may laugh at that—onions, onion farmers. Maybe you could focus in on the impact, the economic impact that just onions, or the growing of onions has in your congressional district.

Representative **Gilman**. I appreciate your commenting on that. We have one of the largest onion-producing regions in the entire Nation. I believe that we are the third largest growers east of the Mississippi. About 45 percent of all of the onions grown east of the Mississippi come from the Orange County area. We have a very fertile black dirt region. New York State, I think, ranks amongst the highest of onion producers, the upstate area around Oswego, and there are some produced down on the island. I think we have one of the largest onion-producing States in the entire Nation. Although celery and lettuce are important crops, they do not hold the prominence nationally that our onion crop does. It is a substantial part of our local economy.

Senator **D'Amato**. I think also one of the key points happens to be that our vegetable crops are not subsidized in the United States at all. They are produced by private enterprise at competitive prices for the international marketplaces.

The Canadian policy is one which subsidizes their vegetable production with a price support system. Therefore, it seems doubly unfair for the U.S. vegetable producers to compete against Canadians who both subsidize domestic production and then impose a surtax on foreign imports.

Congressman, I think that your bill is the first bill that comprehensively addresses this, and I want to commend you for drafting this legislation, for coming forth with it and now undertaking the battle, and I assure you of my support in any endeavor.

Representative GILMAN. Well, we certainly appreciate your interest and your support. We will need it and welcome it. I hope that we can engender the support of other Members of the Senate as well as the House.

As one of our growers, Mr. Utter, will relate to you later on—I think he says it very succinctly—they are capable of competing with other farmers in other parts of the country and other regions of the world, but when they have to compete with the treasury of another government, then they find themselves at a loss.

Again, I thank you, Senator, for arranging this hearing. I think it is extremely important to our agricultural economy.

Senator D'AMATO. Thank you, Congressman.

Our next witness will be Mr. Richard A. Smith, the Administrator of the Foreign Agricultural Service, Department of Agriculture.

Mr. Smith.

STATEMENT OF RICHARD A. SMITH, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY GRETCHEN HEIMPEL STANTON, LEADER, INTER-AMERICA GROUP, FOREIGN AGRICULTURAL SERVICE

Mr. SMITH. Thank you, Senator. It is good to be with you today.

Senator D'AMATO. Thank you for coming.

Mr. SMITH. Mr. Chairman, I am pleased to be here, and want to discuss our agricultural trade with Canada and its effect on United States farmers.

This trade is enormously important to both countries. Canada is the fourth largest market for United States agricultural products. They import more than $1.8 billion worth of agricultural products from us every year. We ship a wide variety of products to Canada, ranging from grains and meat to licorice, but Canada buys more of our fresh fruits and vegetables than any other group of products. Last year they represented well over one-third of the total.

On the other side of the coin and of immediate concern to the committee are United States agricultural imports from Canada. These totaled $1.4 billion last year, of which 7 percent were fresh fruits and vegetables. Fresh and chilled pork is our major import commodity.

The overall balance of United States-Canadian trade in fresh fruits and vegetables is heavily in favor of the United States. Last year, Canadian imports of fresh vegetables from the United States were valued at $341 million—this is in U.S. currency units—and those of fresh fruit at $388 million, for a total of $729 million. In the same year, United States imports of fresh vegetables from

Canada totaled $54 million, and fresh fruits $52 million, for a total of $106 million.

U.S. growers have been facing increasing competition from imported fresh fruits and vegetables in recent years, and we share their concern and that of the committee.

Overall, Mexico is the dominant supplier of fresh produce to the United States, particularly in the case of vegetables. Total U.S. imports of fresh vegetables from all sources in 1982 were valued at $481 million and those of fresh fruit, excluding bananas and plantains, at $256 million, for a total of $737 million. Canada supplied 14 percent of these products—11 percent of the vegetables and 20 percent of the fruit.

Imports from Canada have become an important market factor in the Northeastern United States for potatoes and some fresh vegetables. Last year, imports of potatoes from Canada were close to four times the level of the midseventies, carrot and lettuce imports were two to three times greater, and cabbage and celery imports were up about tenfold.

Potatoes and carrots have been the most important of these imports in terms of market penetration. Canadian potatoes captured significant shares of the market in places such as Boston, New York, and Philadelphia in 1982. In that same year, Canadian carrots dominated the market in Buffalo and had as much as 15 percent of the market on the eastern seaboard and as far south as Atlanta.

Several factors bear on the situation facing producers in the Northeast. A major influence is the relative strength of the United States and Canadian dollars. I do not think this factor can be ignored. This relationship tends to fluctuate over time, but in recent years the Canadian dollar has weakened significantly. From about a par with the U.S. dollar in the early and midseventies, it has dropped to an average of 81 cents United States. That provides Canadian producers with a competitive price edge in the United States market of 19 cents from the foreign exchange rate alone. In effect, a United States importer can buy $1.23 worth of Canadian potatoes or carrots for $1. This is a discount of 20 percent.

The fact that marketing seasons for Canadian fresh vegetables coincide with those of the Northeastern region adds to market pressure, especially for round white potatoes in Maine and New York, and for other vegetables in New York, Michigan, and Ohio. There are additional difficulties facing Northeastern potato growers. The domestic demand for potatoes is changing, according to a report on the Maine potato industry issued last year by the International Trade Commission.

This study showed that annual per capita potato consumption in the United States declined from 80 pounds in 1960-64 to 52 pounds in 1976-80. That, coupled with rising demand for western russet potatoes, has increased the competition among United States and Canadian sellers of round, white potatoes in the Northeast.

The Department of Agriculture has worked closely with the industry to undertake measures to help potato producers. This year, USDA's Agricultural Marketing Service [AMS], has bought surplus potato products under section 32 of Public Law 74-320. AMS and the Foreign Agricultural Service have been working with growers to develop export markets in Latin America for seed potatoes. I might also add that we have also given high priority to trying to see if we can use our CCC credit program to help exports of potatoes. We believe, and I think the industry agrees, that continued efforts in plant research and a search for new and improved marketing techniques offer the best way to insure the long-term viability of the potato industry.

The Department is also concerned at the pressures being put on U.S. producers by imports. In January we supported the amendment to the U.S. Tariff Schedule requiring that imported seed potatoes must be used for seed and not diverted to table use. We in the Department of Agriculture are aware of the questions raised by U.S. producers with respect to Canada's production and marketing practices, and their allegations that Canadian produce destined for the U.S. market is being subsidized.

We have analyzed Canada's production and marketing system, and last year the International Trade Commission investigated the question of the use of subsidies with respect to potatoes. Canadian fruit and vegetable growers have access to four programs of the Canadian Government to help maintain their income. Very briefly, they are: First, a deficiency payment program, that if prices fall below certain established levels, the producers get a deficiency payment; Federal Government purchase and storage of some surplus products; an advance payment available after harvest but before marketing; and financial assistance for improving or constructing storage facilities.

In addition, the Department of Commerce and the ITC are currently examining an antidumping complaint filed by Maine growers against Canadian potatoes.

Senator D'AMATO. When was that filed?

Mr. SMITH. I will have to ask one of our technicians the exact date. I think it was in March. Yes, last March.

Senator D'AMATO. What have the results been to date, in terms of the examination of a complaint that came in last March?

Mr. SMITH. It is still under consideration by——

Senator D'AMATO. Now when you say last March do you mean 1982?

Mr. SMITH. This past March.

Senator D'AMATO. Is that right? In 1982 or 1983?

Mr. SMITH. It was 1983.

Senator D'AMATO. Well, when will a decision be made?

Mr. SMITH. I will have to ask one of our technicians——

Senator D'AMATO. Well, ask the technicians. Do they have any idea as to how far along they have been on this?

Ms. STANTON. Yes. The Commission has information that there is a possibility of injury——

Senator D'AMATO. Come on up here.

Mr. SMITH. Come on up to the table, Gretchen.

This is Gretchen Stanton from the Foreign Agricultural Service.

Senator D'AMATO. Gretchen.

Ms. STANTON. There has been a preliminary determination issued, which means that they think there may be some possibility of injury. With the preliminary determination, it goes on to the Commerce Department to look into and give a preliminary finding on whether or not there is dumping. If that is positive, they continue to look into more details on both the dumping question and on the injury question.

Senator D'AMATO. How long will that take?

Ms. STANTON. Well, it depends. I don't know. At this time we are hoping that they will have a preliminary antidumping decision sometime in September.

Senator D'AMATO. Then?

Ms. STANTON. Then the ITC begins its final investigation, which can take up to 120 days—that is 120 days after the beginning of the investigation or 45 days after Commerce makes the final determination that there has been or has not been dumping.

Senator D'AMATO. Therefore, if they determine it is dumping, then it goes to ITC?

Ms. STANTON. It goes to ITC for a final determination on injury.

Senator D'AMATO. That can take up to 120 days?

Ms. STANTON. After the beginning of their investigation, or only 45 days after Commerce's determination on the dumping.

Senator D'AMATO. I understand that Canada has already asked for a 50-day extension in regard to the matter that is presently pending. I do not know whether you were aware of that.

Ms. STANTON. I heard this morning that it is under consideration. I do not know if they have made a final decision on the extension.

Senator D'AMATO. Therefore, in essence, what we are saying is that a complaint that was lodged in March could conceivably take a full year, even if you have a final determination.

Ms. STANTON. That is possible. If the preliminary determination is that there is dumping, I believe they take interim measures to stop the imports or to impose an antidumping duty while they continue with the final stages of the investigation.

Senator D'AMATO. Therefore, you still have a situation that does not respond to the immediacy of the problems that are occurring, particularly when we are talking about perishable products, lettuce, et cetera, carrots, and other vegetables. We have a real problem there. Would you acknowledge that, Mr. Smith?

Mr. SMITH. Absolutely. It takes——

Senator D'AMATO. Would you acknowledge we should streamline that process?

Mr. SMITH. Well, this has led to consideration of the——

Senator D'AMATO. Yes or no: Should we streamline that process?

Mr. SMITH. In the Caribbean Basin Initiative, it is in there that the administration is——

Senator D'AMATO. I am talking about here, now. I do not care about the Caribbean Basin Initiative. I am going to support that. What about it? Should we streamline this process?

Mr. SMITH. I think we should look at it. I think we have to be very careful how it is done.

Senator D'AMATO. Again, Mr. Smith, should we streamline this process?

Mr. SMITH. Well, I am not going to answer it that specifically. We will look at it. I think we should look at it. I think we have to be very careful in how we approach it.

Senator D'AMATO. I understand. If we approach it with care, do you think that the process needs some streamlining?

Mr. SMITH. I think we need to look at it, yes.

Senator D'AMATO. Do you think the process is adequate as it exists at the present time?

Mr. SMITH. I will say we need to look at it. I cannot go beyond that.

Senator D'AMATO. Do you think that the process is one that deals with the problems, given the state of perishable foods and the limited market seasons for many of these products? Do you think that this process, as we have had it spelled out, is adequate to deal with that kind of situation?

Mr. SMITH. I am saying that I think there is a legitimate complaint about the time it takes, and that it is something that needs to be looked at. It needs to be looked at very carefully, however, to make sure that whatever is done——

Senator D'AMATO. We understand that all legislation, Mr. Smith, should be constructed and enacted with care and with due relevance given to all of the other circumstances attendant. Now with that as a caveat, I would go back, and you think that there are some problems here, aren't there, with respect to the time?

Mr. SMITH. I think we have acknowledged that yes, I think that we need to look at it.

Senator D'AMATO. Well, why do we need to look at it?

Mr. SMITH. Because we think there is a legitimate complaint about the time it has taken.

Senator D'AMATO. Wonderful, wonderful. It took us 5 minutes to get you to say that you think there is a legitimate complaint that should be addressed. What is going to happen? When you go back there are they going to yell at you because you said this?

Mr. SMITH. I thought I said this, Senator, right at the beginning, that we are prepared to look at it.

Senator D'AMATO. No, no. I like to get it right out on the table. I think that it is important that we acknowledge it on the table, right up front, and you will find that if you are going to attempt to couch it in those terms I am just going to keep driving until we get an answer.

Let me ask you this: Is Canada imposing export taxes or taxes on products, such as potatoes, onions, et cetera, that come into Canada from the United States?

Mr. SMITH. On onions, yes, they have put a surtax on onions.

Senator D'AMATO. Why is that fair?

Mr. SMITH. It is not. We are saying it is GATT-illegal and are strongly opposing the system that they have. We believe it is inconsistent with GATT.

Senator D'AMATO. We are strongly opposing it, but in the meantime it is going on.

Mr. SMITH. Well, the Special Trade Representative is currently in consultations with the Canadians, and we are taking them to GATT on the issue. We are following the established procedures.

Senator D'AMATO. How long has the tax been imposed?

Ms. STANTON. The tax was lifted on the 15th of March; it was imposed on the 15th of October.

Senator D'AMATO. October 15 it was imposed.

Ms. **Stanton**. It was imposed for 3 months, and then it was extended for 3 months until the 15th of March.

Senator **D'Amato**. Until the 15th of March, so now they do not have a tax on our onions?

Ms. **Stanton**. On our onions they have their regular import duty, much as we have import duties. They have no additional surtax.

Senator **D'Amato**. They have no additional surtax?

Ms. **Stanton**. Right.

Senator **D'Amato**. What is their import duty?

Ms. **Stanton**. I do not know offhand. I am sorry. I would have to check.

Senator **D'Amato**. Now isn't it the fact of the matter that if you put the tax on, if I place a tax on just during the growing season, or as a matter of fact the season that I am going to be sending these products in, and then a complaint is filed—right?—and I know I have violated —would you acknowledge that in our opinion, that when they put that surtax on they violated GATT? Would you acknowledge that? Is that your feeling?

Ms. **Stanton**. That is what we are charging at this time.

Senator **D'Amato**. OK, OK.

Ms. **Stanton**. It did not take a formal complaint from our onion exporters. It was a U.S. Government action when the Canadians took action, to try to get them to lift the surtax immediately and to negotiate compensation for the damages that have been done. We are still trying to get what we consider to be adequate compensation from the Canadians.

Senator **D'Amato**. Now have they given us any assurances that they are not going to reimpose that surtax once the growing season or, we should say, the harvest season takes place?

Mr. **Smith**. No.

Ms. **Stanton**. It is not automatic but it is a surtax that is provided for under their legislation, under certain conditions.

Senator **D'Amato**. Oh, so that surtax then was not lifted by way of some action or as a result of our petitioning, but as a result of market conditions, et cetera?

Ms. **Stanton**. No. When they make a decision to impose a surtax, there is some flexibility in how long it can be imposed.

Senator **D'Amato**. I see. Therefore, that same trigger, that same device, as far as you know, still exists.

Mr. **Smith**. The system is there.

Senator **D'Amato**. Therefore, the system which we charge as invalid, and violates GATT, is unfair, but is still in effect.

Mr. **Smith**. That is correct.

Senator **D'Amato**. Therefore, when they reach a certain level in terms of production, quota, et cetera, market conditions, price levels—those ingredients that trigger off the implementation—then we should be ready, willing, and able to expect that that surtax is going to be imposed again. They have not changed the system.

Ms. **Stanton**. That is possible, but the system has been in effect since 1979 and this was the first time it had been imposed.

Senator **D'Amato**. Senator Cohen talked about the fact that when this act was negotiated back in the seventies, there was talk about something like $300,000 in loss of markets to potatoes coming in, and he said that has risen to something like $30 million. Do you have any——

Mr. SMITH. I think he was commenting on the MTN negotiations and the reduction in tariff.

Senator D'AMATO. Right. We reduced tariffs?

Mr. SMITH. Don Nelson, who is following us, is from the Office of the Special Trade Representative, they are the ones that are doing the negotiating. He is the one to ask about the rationale behind that.

Senator D'AMATO. Sure. Please continue. I interrupted you, but I interrupted you at a point because I thought it was important.

Mr. SMITH. I think I will just submit my testimony for the record.

[The prepared statement of Mr. Smith follows:]

Statement of Richard A. Smith
Administrator, Foreign Agricultural Service
U.S. Department of Agriculture
before the
Senate Committee on Small Business
Subcommitee on the Family Farm
June 29, 1983

Mr. Chairman, I am pleased to be here today to discuss our agricultural trade with Canada and its effect on U.S. farmers.

This trade is important to producers in both countries. Canada is the fourth largest market for U.S. agricultural products, importing more than $1.8 billion worth last calendar year. ship a wide variety of products to Canada, ranging from grains and meat to licorice, but Canada buys more of our fresh fruits and vegetables than any other group of products. Last year they represented well over one-third of the total.

On the other side of the coin, and of immediate concern to the Committee, are U.S. agricultural imports from Canada. These totaled $1.4 billion last year, of which about 7 percent were fresh fruits and vegetables. Fresh and chilled pork is our major import commodity.

The overall balance of U.S.-Canadian trade in fresh fruit and vegetables is heavily in favor of the United States. Last year, Canadian imports of fresh vegetables from the United States were valued at $341 million (U.S. currency units) and those of fresh fruit at $388 million for a total of $729 million. In the same year, U.S. imports of fresh vegetables from Canada totaled $54 million and fresh fruit $52 million, for a total of $106 million.

U.S. growers have been facing increasing competition from imported fresh fruits and vegetables in recent years, and we share their concern and that of the Committee.

Over all, Mexico is the dominant supplier of fresh produce to the United States, particularly in the case of vegetables. Total U.S. imports of fresh vegetables from all sources in 1982 were valued at $481 million and those of fresh fruit, excluding bananas and plantains, at $256 million for a total of $737 million. Canada supplied 14 percent of these products -- 11 percent of the vegetables and 20 percent of the fruit.

Imports from Canada have become an important market factor in the Northeastern United States for potatoes and some other fresh vegetables.

Last year, imports of potatoes from Canada were close to four times the level of the mid-1970s, carrot and lettuce imports were two to three times greater, and cabbage and celery imports were up about 10-fold. Potatoes and carrots have been the most important of these imports in terms of market penetration.

Canadian potatoes captured significant shares of the market in places such as Boston, New York, and Philadelphia in 1982, and in that same year Canadian carrots dominated the market in Buffalo and had as much as 15 percent of the market on the Eastern Seaboard as far south as Atlanta.

Several factors bear on the situation facing producers in the Northeast. A major influence is the relative strength of the U.S. and Canadian dollars.

This relationship tends to fluctuate over time, but in recent years the Canadian dollar has weakened. From about par with the U.S. dollar in the early and mid-1970s, it has dropped to an average of 81 U.S. cents.

That provides Canadian producers with a competitive price edge in the U.S. market of 19 cents from the foreign exchange rate alone. In effect, a U.S. importer can buy $1.23 worth of Canadian potatoes or carrots for $1.00 -- a discount of almost 20 percent.

The fact that marketing seasons for Canadian fresh vegetables coincide with those of the northeastern region adds to market pressure, especially for round white potatoes in Maine and New York, and for other vegetables in New York, Michigan, and Ohio.

There are additional difficulties facing Northeastern potato growers. The domestic demand for potatoes is changing, according to a report on the Maine potato industry issued last year by the International Trade Commission.

The study showed that annual per capita potato consumption in the United States declined from 80 pounds in 1960-64 to 52 pounds in 1976-80. That, coupled with rising demand for western russet potatoes, has increased the competition among U.S. and Canadian sellers of round, white potatoes in the Northeast.

The Department has worked closely with the industry to undertake measures to help potato producers.

This year, USDA's Agricultural Marketing Service has bought surplus potato products under Section 32 of PL 320 (74th Congress). AMS and the Foreign Agricultural Service have been working with growers to develop export markets in Latin America for seed potatoes.

USDA's Agricultural Research Service is actively pursuing research to develop new potato varieties that will produce higher yields with better quality at lower costs.

We believe, and I think the industry agrees, that continued efforts in plant research and a search for new and improved marketing techniques offer the best way to ensure the long-term viability of the potato industry.

The Department is also concerned at the pressures being put on U.S. producers by imports.

In January we supported the amendment to the U.S. Tariff Schedule requiring that imported seed potatoes must be used for seed and not diverted for table use.

We in the Department of Agriculture are aware of the questions raised by U.S. producers with respect to Canada's production and marketing practices and their allegations that Canadian produce destined for the U.S. market is being subsidized.

We have analyzed Canada's production and marketing system and last year the International Trade Commission investigated the question of the use of subsidies with respect to potatoes.

Canadian fruit and vegetable growers have access to four programs of the Canadian Government to help maintain their income. Very briefly, they are:

1. Deficiency payments if prices fall below an established level;
2. Federal Government purchase and storage of some surplus products;
3. An advance payment available after harvest but before marketing; and
4. Financial assistance for improving or constructing storage facilities.

The Department of Commerce and the ITC are currently examining an antidumping complaint filed by Maine growers against Canadian potatoes. A final decision on this case may not be issued before 1984.

In addition, U.S. producers of potatoes, carrots, onions and other agricultural products can request relief from injurious imports, even if there is no dumping or subsidization, under Section 201 of the Trade Act of 1974.

We understand producer concern that by the time relief can come under Section 201 procedures, the season could be over and the damage done. This has led to some consideration of a "fast track," or accelerated, safeguard procedure for perishable products.

The "fast track" for produce from beneficiary countries is included in the Caribbean Economic Recovery Act which this Administration supports.

We are concerned that any extension of fast-track provisions to perishable imports from all sources be compatible with our international obligations.

I should say at this point -- and make it very clear -- that we have serious reservations about whether the Canadian safeguard system is consistent with the requirements of the General Agreement on Tariffs and Trade because it is based on price declines at export points and not on increased imports. We have challenged the Canadian safeguard actions against imports of yellow onions last fall, and are currently negotiating compensation for damages to our trade.

It is important in considering ways to help U.S. producers to meet import competition that we do so in the context of over-all U.S. trade and of U.S. international trade commitments as well as of the problem being addressed.

For example, any U.S. law that would provide additional protection from horticultural imports from Canada must be applied to imports of these products from all sources having most favored nation status. As I previously mentioned, Canada supplies only 14 percent of total U.S. fresh produce imports (excluding bananas and plantains).

And the United States is committed, through a long history of GATT trade negotiations and tariff and other agreements, to provide some guarantee of access to the U.S. market.

If we violate these commitments, the affected foreign supplier is entitled to compensation, which under the U.S.-Canadian convention would likely mean improved access to the U.S. market for other Canadian horticultural products.

That concludes my statement, Mr. Chairman. I will be glad to respond to questions.

Mr. SMITH. One of the points we were making was the one that you made about the complaints about the time it was taking to get action, and this has led to the discussions of "fast track." It is something that I think needs to be looked at, and we are prepared to work with you and look at that issue. It is a legitimate complaint.

Senator D'AMATO. Let me just possibly make a comment with respect to some of the figures. Isn't it true that most of those agricultural products that—or a certain proportion, you have the numbers spelled out here—that Canada buys from us, as a practical consideration there are no other marketplaces to buy the citrus products and goods, et cetera, at the rates that we can provide them. I mean, where are they going to go to buy oranges and tangerines and what not? Doesn't that account for a very significant portion of the agricultural products that they import?

Mr. SMITH. Well, the vegetables and horticultural products, the vegetables part of it is pretty important. The point we are trying to make——

Senator D'AMATO. Well, that is important, Mr. Smith. Let me tell you why. I think it is terribly unfair to use a figure and say, "$1.3 billion worth of agricultural products, fruits, vegetables, et cetera, go into Canada and we don't want to preclude our growers, et cetera, and our farmers from these marketplaces as a result of price discrimination against the Canadians."

Certainly Congressman Gilman does not propose that. He is a steady student of international affairs, of trade relationships; he understands it. Some people might accuse me of not understanding the nuances because I have only been here for 2 years. Maybe sometimes from looking outside, and dealing with small businessmen, and not being trapped in this city as long as some people have been, I perhaps call them the way I see them.

I want to tell you something. I spent a good part of last year traveling throughout central New York. I just came from Oswego, a great agricultural area in our State. Many people do not think of New York as an agricultural State. Well, they just do not understand our State.

I will tell you, these people are hurting; they are not hurting because they cannot compete, they are productive, they are hard working. Their farms have been more productive within the last 20 years; they have made more gains than any industry. If our other industrial bases had been as productive in terms of modern technologies, et cetera, we would not be faced with the economic problems that we do have.

In terms of giving and commitment, they have given. They have mortgaged up to the top; they have brought in the best equipment. However, you know, they really cannot—as Congressman Gilman said—compete against the treasury of a foreign government. They can compete against other growers and producers, et cetera. They cannot compete, also, against unfair tariffs and taxes being placed on their products, and subsidization. They cannot compete when we have a system that is being implemented in such a way as to protect their competition and to keep them out of marketplaces.

Now one of the things we continually hear is, "Oh, do you know they are the third or fourth biggest purchaser of all these goods, materials, services, et cetera?"—in this case, produce. Look, as a very practical matter, where are they going to get their oranges? Where are they going to get their produce? Where are they going to get their vegetables in the dead of winter? I mean, they are going to have to buy their carrots and their lettuce and their produce from our producers in California, et cetera, from the United States.

Therefore, I would just suggest that when we use a figure and say, "Well, we sell $1.4 billion," that doesn't have a thing to do with it.

Mr. SMITH. Could I——

Senator D'AMATO. I think we want fairness, you know, and what I sense is that there is not. I am not accusing you of this. I am saying to you that there has not been a sufficient sensitivity, over the years, by the Commerce people or by the Secretary of State's offices. There has not been sufficient strength given to the position that we should recognize the interest of the small business guy. We say, "Oh, that is a parochial interest," and it is being stamped down. It is being stamped down, and that is what I am concerning about.

Mr. SMITH. Two points: We have tried to recognize in here that there is increased competition, and we want to work to do everything we can within the system to help farmers in the Northeast. We recognize they do have problems.

However, Senator, I do think it is very dangerous to ever take the attitude that we are the only one that can supply any agricultural product to any market. I think——

Senator D'AMATO. I did not say that. Oh, no, I did not say that. Don't put those words——

Mr. SMITH. Well, Canada can get its vegetables from Mexico; it can get citrus from Brazil. I think we have learned a hard lesson when we have tried to embargo exports, for example, that competition can be created very, very rapidly.

Senator D'AMATO. Mr. Smith, did you hear me talk about embargoing?

Mr. SMITH. No, but——

Senator D'AMATO. Let me tell you something: I think that we are entitled to have fair play. I am sick and tired of having a government in a situation that says that we do not have the ability or the moral strength or courage or fiber to simply stand up and say we want fair play, "We are going to fight for it, and if you want to continue"—meaning the Canadian Government or any other government that threatened to take retaliatory action —"then so be it."

I am not talking to you about taking unfair advantage. I am talhing to you about being strong and insisting on fairness, equity, fair play, and nothing more, nothing less. I am not advocating here that we give our farmers or producers or manufacturers or growers a leg up. However, I am sick and tired of having a situation where we say, nationwide, worldwide, we better do this. We do it in oil. One of the reasons we got in so much trouble in the Middle East: "Oh, don't take this policy. Don't take that policy. They will cut off our oil." I am sick and tired of that.

This is one Senator's opinion. Let me tell you something, when I have tens of thousands of small business people, people who love this country, who are producing, who are working, who come from the soil and want to be part of that, and I see that jeopardized, I am not going to keep quiet. I am going to call it just the way it is.

We better have the strength to deal with this because, you know, today it is the onion farmer. Well, that is a small, little group. Tomorrow it is the lettuce guy, and that is a small, little group. Then it is the guys who produce the carrots, and that is a small group. Then it is the lumbermen, and in and of themselves they are small groups. If we continue to see this process of erosion, one industry, one segment, one after the other after the other, finally we wake up some day and we find that we have had our hands tied behind our backs. Then we do not have the producers and the growers and the industrial base that America has to have.

I do not lay this just on you, but I think this is a problem we had better look at and recognize. I thank you for your testimony. I thank you for your candor, and I also thank you for the cooperation that you have given.

Let me at this time say that I am deeply indebted to my colleague in the Senate, Senator Pressler, who is chairman of this subcommittee, who has authorized these hearings today, who has worked with us in developing this format, who comes from a great agricultural State. I know Senator Pressler has a statement and will have some questions.

Senator Pressler.

STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA, AND CHAIRMAN, SUBCOMMITTEE ON SMALL BUSINESS: FAMILY FARM

Senator **Pressler**. Thank you.

I want to commend Senator D'Amato for taking the great leadership in having these hearings. He is bringing a problem forward that is occurring more and more.

Let me say that in my State of South Dakota we do produce potatoes, and although there has not been so much of an immediate impact from Canadian imports, that impact might be felt later. The Northeastern States feel it first but it may certainly be felt in the Midwest as well.

However, there is a broader problem here, and I think that Senator D'Amato has done a good job of pointing it out. Over and over we are facing subsidized competition from agricultural products abroad. The European Common Market is subsidizing exports of dairy products and wheat. Canada is subsidizing the exports of potatoes or vegetables. Other countries use similar policies.

As Senator D'Amato has said, we keep saying, "Well, this is just a little case. We will let this go. They are our ally." The State Department and those in our international trade bureaucracy say, "Well, let's let this ride because we can tolerate this in terms of international relations and a positive foreign policy."

However, the fact of the matter is that it does not result in a positive foreign policy. It results in hurting farmers, small businessmen, and the U.S. economy. I am basically a free trader, so long as there is free trade on the other side. However, that is not what we are facing; that is not what we are talking about.

Some say that in complaining about these things one is a protectionist, and we will go back to the Smoot-Hawley era of tariffs, but we have to start doing something. I have never seen such an outcry as I have seen in the last 6 months in the Congress. We are the ones who go home to the listening meetings. We are the ones who hear it firsthand. I am leaving for the Fourth of July recess. My wife and I are going out, and we will be in parades and meetings and so forth for several days. We are the ones who hear the people talk about these subsidized exports.

I think that the bureaucracy, with all due respect, is falling behind. I think the administration is not aware of what is going on out there, and I hope that this hearing helps bring it to light. It is another effort, and I want to commend the Congressmen and Senators who have testified. I know that people in the Foreign Agricultural Service and elsewhere are doing their very best. They are part of the administration.

However, the fact of the matter is that we have to wake up the bureaucracy and all of our country to what is happening because these subsidized exports of other countries are directly hurting jobs in this country. Just this morning I heard that there is 19 percent unemployment in one of our States. Although the stock market is doing great, there is a lot of unemployment. There are a lot of economic problems, and a lot of it is related to this matter of trade.

In 1981, you might be interested to know that South Dakota farmers planted between 6,000 and 7,000 acres of potatoes. In 1983 over 15,000 acres have been planted. Most of our potatoes are grown under contract, and some certified seed is also produced, but if South Dakota's potato production continues to increase, farmers in my home State may soon face the same problem as several of the witnesses here today.

The adverse impact of subsidized imports from Canada is not limited only to potatoes and vegetables. I often hear about Canadian grain and livestock being shipped into South Dakota and other States. As a result of the Canadian grain marketing system, Canadian farmers often sell surplus grain production in the United States. This practice does not have an impact on national grain prices but it does have an impact on local grain prices. In other words, we are letting them do things to us that they, in turn, don't let our farmers do across the border.

We have been the good guys in international trade. We are going to have to get tough. Some people say, "Oh, this is going to cause all this commotion in foreign policy objectives," but the fact of the matter is that just talking won't achieve our objectives. Look what the French are doing in tourism this summer. They have said that French citizens cannot take over $250 outside the country, so that means no French tourist can come to the United States or go abroad but our tourists can go there. That is protectionism.

We should help the service industries under GATT, the General Agreement on Trade and Tariffs. We should insist that these other countries treat us as we treat them, because if we said nobody could take any dollars outside the United States for tourism, what would France do? They would be screaming about all the damage we are doing to their economy. Therefore, we are the good guys but we must begin to be very firm.

I am getting increasingly upset. I am just to the point where I am becoming a protectionist. I have legislation in protecting our honey industry. I am going to help with actions resulting from this hearing. I do not want to be that way, but these other countries keep abusing us and our bureaucracy does not respond strongly enough. That is the message that I would hope that this hearing gets across, and I think you are doing a great job of getting that across, so I thank you very much.

Senator D'AMATO. Thank you, Senator.

Mr. Smith, thank you very much.

Mr. SMITH. Thank you, Senator.

Senator D'AMATO. Donald Nelson, Assistant U.S. Trade Representative for Agricultural Affairs and Commodity Policy, Office of the U.S. Trade Representative.

STATEMENT OF DONALD M. NELSON, ASSISTANT U.S. TRADE REPRESENTATIVE FOR AGRICULTURAL AFFAIRS AND COMMODITY POLICY, OFFICE OF THE U.S. TRADE REPRESENTATIVE, ACCOMPANIED BY LEONARD W. CONDON, ADVISER TO THE ASSISTANT U.S. TRADE REPRESENTATIVE FOR AGRICULTURAL AFFAIRS

Mr. NELSON. Thank you, Mr. Chairman.

Perhaps in the interest of time I could submit my statement for the record, if that is——

Senator D'AMATO. It will be received in the record as if read in its entirety, Mr. Nelson.

Mr. NELSON. Mr. Chairman, there is one change on page 5 where we go into some detail about the chronology of the complaint on dumping. The correct date for the preliminary finding being due is September 7. If that could be corrected in the record, I would appreciate that.

Senator D'AMATO. OK. It will be corrected.

Mr. NELSON. I have with me today Leonard Condon, who is my staff person most directly involved in many of the issues that are before the subcommittee today.

I should say at the outset, Mr. Chairman, that I appreciate both your statements and those of Senator Cohen, Senator Pressler, and Congressman Gilman as well, about equity in trade. This is something that interests us very much.

I appreciate the statements made by Senator Cohen with respect to the degree with which we have pursued U.S. trade interests over the last couple of years. I think that is fair. I think that this administration has worked very diligently to remedy the complaints that have been brought before it, and not always necessarily in response to complaints. We have pursued actions on our own with- out the prodding that sometimes results from industries that are affected.

With that, Mr. Chairman, I think I would just express a willingness to try to respond to your comments or your questions.

[The prepared statement of Mr. Nelson follows:]

STATEMENT BY
DONALD M. NELSON
ASSISTANT U.S. TRADE REPRESENTATIVE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
BEFORE THE
SUBCOMMITTEE ON FAMILY FARMS
SENATE SMALL BUSINESS COMMITTEE
JUNE 29, 1983

My name is Donald M. Nelson. I am the Assistant U.S. Trade Representative for Agricultural Affairs and Commodity Policy.

I appreciate the opportunity to appear before this Subcommittee this morning to discuss problems facing potato and vegetable growers in the Northeastern States. My comments will focus principally on the international trade aspects of these problems since that has been the primary involvement of my Office and is the source of most of my personal knowledge of this issue. Over the past few years, an increasing proportion of the staff resources of my Office has been devoted to dealing with problems relating to trade between the United States and Canada in potatoes and other vegetables grown in our Northern States and in the southern portions of the adjoining Canadian provinces. Since these products frequently compete for the same markets on both sides of the U.S.-Canadian border, it is extremely important that trade in these products be conducted on a fair and equitable basis.

As a preface to my remarks concerning our specific horticultural product trade problems with Canada, I believe it fair and appropriate to point out that in the broad context of international agricultural trade, Canada has been and still is an excellent customer for U.S. farm products, especially fruits and vegetables. Last year, Canadian buyers received $729 million worth of U.S.-produced fruits and vegetables. Canadian sales of products in the same category to U.S. customers totaled $106 million. Also, since Canada -- like the U.S. -- relies heavily on overseas sales of agricultural products for its national income, its international interests often parallel those of the U.S. For this reason, we frequently work closely with Canadian authorities as we respectively pursue the interests of our farmers in the decisionmaking process of the General Agreement on Tariffs and Trade (GATT) and other international trade fora. Given these factors and considering the long history of friendship and cooperation between our two peoples, it is unfortunate that trade problems in potatoes and other root crops have damaged and threaten to do further damage to U.S.-Canadian trade relations.

Traditionally, the U.S. had been a net exporter of potatoes to Canada. This situation changed rapidly during the past few seasons as imports from Canada -- primarily from the Eastern Provinces -- increased sharply. The U.S. is now a net importer of potatoes. This change has occurred in the face of large U.S. crops and relatively low prices. Total imports of Canadian potatoes increased from 36,622 metric tons during the 1976-77 season to 225,099 metric tons in 1981-82.

Although potatoes imported from Canada account for only about 2 percent of U.S. per capita consumption, about 7 percent of the potatoes received in Northeastern markets are of Canadian origin. Potatoes normally flow from our Western States into the Western Provinces of Canada and from Canada's Maritime Provinces into our Northeastern States. However, shipments from Canada entering through Maine and New York have flowed Southward and Westward entering markets formerly supplied by U.S. growers.

With dramatic increases in imports of Canadian potatoes, the situation facing U.S. potato growers in recent years has been particularly critical. As imports have risen, so have tensions among Northeastern potato growers. Demonstrations, confrontations, and even threats of violence have resulted. Our task during this difficult period has been to attempt to insure (1) that U.S. growers and shippers are fully protected from unfair trade practices, and (2) that actions taken by the U.S. do not violate our international obligations under the GATT or other bilateral trade agreements with Canada.

In order to form the basis for making sound judgements with regard to actions that could be taken to assist the domestic potato-growing industry, Ambassador William Brock -- the United States Trade Representative -- requested in February of last year that the U.S. International Trade Commission (USITC) conduct an investigation under Section 332 of the Tariff Act of 1930 into the competitive conditions affecting the Maine potato industry. In August 1982, the USITC published a lengthy report which contained considerable information on the production and marketing of potatoes in the Northeast. In addition to producing a great deal of useful statistical information, the report also contained some interesting observations. Confirming allegations made earlier by members of the U.S. industry, the USITC report concluded that a significant quantity of potatoes imported for seed use, at a lower duty than tablestock potatoes, were in fact ultimately used as tablestock. Legislation was subsequently introduced and passed to correct this problem. Early this year the U.S. Customs Service began requiring that potatoes entered as seed potatoes must be used as seed or pay the higher tablestock duty. Preliminary indications are that this change has had a significant impact on the quantity of seed potatoes entering the U.S. from Canada.

Also, drawing on information in the USITC report and other materials, the Maine Potato Council filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce on February 9 of this year alleging that imports of fall-harvested round white potatoes from Canada are being sold in the U.S. at less than fair value and are causing or threatening to cause material injury to the U.S. industry. The USTIC made a preliminary affirmative finding on the injury question on March 22. The U.S. Department of Commerce will make a preliminary finding regarding the dumping complaint by July 19. If that finding is affirmative, importers will be required to begin posting a bond or a cash deposit in the amount of the level of dumping determined by the Department of Commerce.

Turning now to fast-track safeguards, the Canadian Government in 1979 adopted a fast-track safeguards system for certain horticultural crops. The United States has no such system to provide temporary protection from imports to domestic growers. However, Congressman Gilman recently introduced legislation which would provide for the establishment of a system similar to the Canadian system. Currently we are reviewing H.R. 3193. We will be working with USDA and other agencies to develop a position in the event the Administration is asked to comment on this proposed legislation.

Canada's special safeguard system was implemented for the first time this past fall when a surtax was applied to the tariff on yellow onions entering Canada west of Thunder Bay, Ontario. The United States Government believes that safeguard actions justified under Article XIX of the GATT -- such as the Canadian system -- must be associated with evidence of increased imports. The Canadian program is triggered by price changes and does not require evidence of increased imports for implementation of the surtax. Therefore, we believe that the Canadian system is inconsistent with GATT.

We pointed this out to Canadian authorities when the system was originally adopted and on numerous occasions since then. The Canadian action on onions was clearly triggered by falling prices and not by evidence of increased imports. During consultations held in Ottawa this past March to discuss the onion surtax and other trade issues, the Canadians indicated that they do not believe that it should be necessary to wait to show an increase in imports before taking protective action, that special exceptions need to be made for perishable agricultural commodities, and that this thinking is consistent with the "intent" of Article XIX.

Clearly, our interpretation and the Canadian interpretation of key provisions of Article XIX are in conflict. Because of our close trade relationship with Canada and the considerable two-way trade in the products covered, it is extremely important that the U.S. and Canadian interpretations of this provision be the same. Accordingly, we are planning to seek, through appropriate GATT procedures, a clarification of Article XIX.

At this point, it may be helpful to discuss the concept of compensation. In accordance with provisions of Article XIX, countries which take safeguard actions must offer compensation to adversely affected trading partners. Generally, such compensation is "paid" in the form of reductions in tariffs for other products supplied by the affected country or countries. In theory, all actions taken to provide temporary protection to our economic sector would be offset by the temporary reduction in tariff protection provided to other sectors through payment of compensation. The Canadian Government has offered to pay compensation for its action on onions, and we fully expect to receive it. We are continuing to negotiate with Canadian authorities in an effort to reach agreement on items and levels of tariff reduction.

That concludes my remarks. I would be pleased to respond to any questions the Subcommittee might have.

Senator D'AMATO. Thank you, Mr. Nelson.

Mr. Nelson, with respect to the legislative proposals put forth by Senator Cohen and Congressman Gilman—obviously they are two different pieces of legislation—what is your feeling with respect to them, given GATT and given that we always hear, "Oh, this might be violative of GATT"? What do you think in regard to that?

Mr. NELSON. Well, as I understand Senator Cohen's proposal, I don't really see in there anything that could run us afoul of the GATT. That involves simply the compensation of those people who are bringing cases before the ITC or the Department of Commerce.

Senator D'AMATO. And who are successful.

Mr. NELSON. And who are successful. We have not been asked to comment on that formally yet. We are working with some other agencies on it.

I will tell you that we have met on a number of occasions, most recently with the florists or the ornamental horticultural people, who are considering bringing some cases. They are absolutely stunned by the costs, the legal costs involved in bringing such cases. It is, as you mentioned earlier, beyond the resources of a number of small businesses, farmers and so on, to bring such cases. Quite frankly, we would like to find a way of allowing such people to pursue the trade remedies without, in fact, incurring such enormous costs.

On the other one, the one that was proposed by Mr. Gilman, as he indicated we have provided some technical advice to his staff and to others who are working on this issue. He has, as he indicated, taken care of one of the concerns that we had with respect to GATT. That is that article 19 of the GATT, which is the safeguard escape clause provision, requires that the product be imported in such quantities as to injure or threaten injury.

The Canadian provisions do not have that. They are simply in response to a price in a distant market. We believe that is inconsistent with international obligations.

Other aspects of Mr. Gilman's proposal I think are probably—and again, our attorneys have to look a little further into it—are probably consistent. There is a somewhat complicated trigger mechanism which I think would probably be quite difficult to administer, and that perhaps could be——

Senator D'AMATO. I am going to take the liberty of asking, Mr. Chairman, we have the Congressman here and I think we should have had him sitting up here.

Senator PRESSLER. Yes. Go ahead. Yes.

Senator D'AMATO. Mr. Congressman.

He is subject to the call of that little beeper, just as we are.

Mr. NELSON. If I might expand a little further——

Senator D'AMATO. Please.

Mr. NELSON [continuing]. I think Mr. Smith is correct, that in responding to particular legislation we have to be very careful about whether or not we think it might meet certain needs. However, I will tell you that during the long course of the multilateral trade negotiations it was recognized that the GATT rules on safeguards are not particularly well designed to handle perishable commodities, and that by the time—as you indicated earlier—a government can respond to a short-term situation, it is past and an industry could in fact have been devastated in the process. We tried for a period of years to come up with an international discipline that would cover such contingencies, and quite frankly we find it very difficult to do.

I should tell you that of all of the countries which are signatories to the General Agreement on Tariffs and Trade and article 19 thereof, the Canadian Government, I think the Australian Government, and ourselves are probably the only ones who have consistently abided by the provisions of article 19. This is an aberration for the Canadians. This is not consistent with article 19 as we believe it exists, and as I indicated in my testimony, we are going to take them to the GATT. We are going to challenge that system.

As you indicated earlier, the system is still on the books. It is their law. It could be triggered again by a price in a distant market. We do not think that is correct, and we want to get that situation remedied.

Senator D'AMATO. Well, it is refreshing to have your candor in addressing the problem we have. I want to thank you for that.

I point out to you that in terms of the kinds of things that we are fearful of—we in New York, and not only in New York, South Dakota, but the entire Congress—at one time New York had the same problem that we are experiencing now in the carrot industry. At one time New York State was one of the great carrot producers and one of the dominant forces in the marketplace, not as a result of poor policies or practices but as a result of dumping, as a result of unfair subsidization, marketing techniques, et cetera. We now have, I understand, less than five growers in our entire State. I do not want to see that take place in the onion area or in the potato area or in our other agricultural areas.

Therefore, we have been bitten. You know, there is a little saying back home: "You fooled me once, and that's all right, but not the second time." Therefore, we have reached that point. If I press a little hard, with a little added vigor, it is because that is my job and that is my response. If I rock some boats, you know, I——

Senator PRESSLER. That is a good point, Mr. Chairman. You mentioned the loss of our producers. While this is not a hearing on beekeeping, you have a lot of prominent beekeepers in New York State, as we do in South Dakota, as do all States. However, we are destroying that industry because of lower quality and subsidized imports.

The fact of the matter is that when this happens there will be a great environmental problem from the loss of the cross-pollination that bees provide. This sounds very esoteric, but a country has to keep certain types of industries. If the beekeeping industry had equal treatment, they would be all right, but they cannot compete if the surpluses from abroad come in on a subsidized basis. It just destroys the industry.

Senator D'AMATO. Congressman Gilman.

Representative GILMAN. I certainly welcome your comments about the proposed legislation. We also appreciate the efforts that your agency made in trying to help us fashion a proper measure, while you could not take any official position on it.

I would hope that during your negotiating process and in your ongoing meetings with the Canadians, that you do continue to stress the great amount of concern that our agricultural people have in our own region with regard to the impact that the Canadian surtax has had and the subsidies have had on our own growers. I would hope that we could avoid legislation, and it probably could be avoided if there are some very serious negotiations and we can arrive at a workable arrangement.

If we cannot, then I think there is a growing amount of support for a legislative initiative. I would hope that the administration can convey that message to our Canadian neighbors.

Mr. NELSON. Mr. Gilman, I assure you that we have and will continue to do so. It is evident to us that the kind of sentiment that you just described is prevalent in the Congress, and I am certain that the officials of the Canadian Government are aware of that as well.

As I indicated, we will be going formally through the dispute settlement process with the Government of Canada with respect to this, and I feel confident that our viewpoint will be carried and that it will not be necessary to pursue this legislatively. However, in the event that is necessary, I take your point.

Representative GILMAN. I would hope that if that fails, that the administration would be in a position to support our legislation.

Thank you, Mr. Chairman.

Senator D'AMATO. Mr. Nelson, thank you very much. Thank you for your cooperation in working with the Congressman and helping to frame out some of these legal issues. I share his thought. I would hope that maybe we can get some commonsense into it, but I am rather pessimistic, I have to tell you. I am not optimistic. It takes political courage to say we are going to stop a subsidization program once we have started it. They have the same kinds of things, you know, in their parliament, their government, et cetera. Therefore, I think that although they might not say it, I think we might have to play the heavies here once in a while, and we had better understand that.

I was in Tokyo. I was shocked. They sell melons for $30. Thirty dollars for a melon. How many melons do you think they produce there? People buy them for $30 a melon. They are protecting all those farmers. Then they tell you, if you find out how the Japanese system works, where the great strength is, about 20 or 25 percent of that country elects about 50 percent of the Congress, and it happens to be that they are the farmers and the cattle producers and what not. Therefore, that is why we cannot sell many of our products there.

Mr. NELSON. That is correct. That is a subject we have dealt with very seriously with the Japanese.

Senator D'AMATO. Do you honestly think that they will ever change? They could not change if they wanted to. They would throw those guys right out of office, right out. Therefore, we had better understand, and it is about time that our State Department and other people had a realization that sometimes begging and asking them and imploring them, it will never be because they do not have the ability to change, because their domestic political situation is one that would result in their being eliminated. Therefore, let's understand that.

In the meantime, our poor guys, they are all being eliminated. They are getting foreclosed on their mortgages, on their homes, on their businesses. We are going to have a dust bowl if we continue it.

Mr. NELSON. Mr. Chairman, if I may comment on your remarks about the political system in Japan, you have obviously studied it quite well.

Senator D'AMATO. No; I just was there 24 hours. [Laughter.]

Mr. NELSON. Well, you do not have to be there very long to understand that the Japanese farmer does have a vote about three times the weight of an urban voter, But we think that the Japanese will realize that there is enough political loss in the closure of the U.S. market to their exports, that that will leaven the enthusiasm of some of the LDP members or the members of the Japanese Diet, so that they will in fact make some politically courageous decisions and decide to open up the market to our agricultural exports.

Senator D'AMATO. Let me ask you something, as an aside.

Mr. NELSON. Yes, sir?

Senator D'AMATO. I am always interested in it. Do they really take our cars, whatever car we send over there, and take it apart?

Mr. NELSON. They have been doing that, sir. I think that when it was indicated to them that that might not be a bad idea for us to do to their cars, they decided that they would change the system and establish a precertification system, which means that they would in fact inspect several cars but then assume that all of the others would meet the same specifications.

Senator D'AMATO. Is that what they are doing now?

Mr. NELSON. Yes, sir.

Senator D'AMATO. All right.

Mr. NELSON. However, you are correct; it was that way.

Senator D'AMATO. First they destroyed the market, and then they changed it. It is like, if we dump everything in and we eliminate any competition, then we can say, "OK, you can now sell in our marketplace," and of course our producers, whether it is typewriters—we don't make any manual typewriters any more, the Army is even buying them from East Germany—but that is the kind of thing I am most fearful of.

Mr. Nelson, you were most refreshing and most candid in your remarks, and I appreciate that.

Mr. NELSON. Thank you, sir.

Senator D'AMATO. Thank you very much.

Our first panel, these are the people who are really undergoing the problems: from the New York Farm Bureau, Mr. Richard Corwith; Mr. Harold Utter, one of the Congressman's constituents; and Mr. Morris Sorbellol, president and executive director of the New York State Vegetable Growers' Association.

Gentlemen, that little light that just went on and that little buzzer means that I have a vote on. In a few minutes I will leave to make that vote, and I would ask the Congressman if he would not continue the hearing, and I will make that vote and then come right back.

Mr. Corwith, would you want to begin? We have a copy of all of your testimony, gentlemen, so let me say for the record that if you want to condense it down, the Chair would be appreciative of it. All of your testimony, that written testimony that you have already submitted, will be accepted in the record as if read in its entirety.

Mr. Corwith.

STATEMENT OF RICHARD CORWITH, WATER MILL, LONG ISLAND, N.Y., REPRESENTING THE NEW YORK FARM BUREAU

Mr. CORWITH. I would like to thank you first for the opportunity of appearing before you, and I will not read the full testimony. I am a potato grower from eastern Long Island, N.Y.

Senator D'AMATO. You didn't tell me that here. Where?

Mr. CORWITH. It should be on the first page.

Senator D'AMATO. Glenmont?

Mr. CORWITH. No; Water Mill.

Senator D'AMATO. Water Mill? Where is Water Mill?

Mr. CORWITH. Water Mill is beyond Southhampton.

Senator D'AMATO. No wonder. It is way out. I get lost out there.

Mr. CORWITH. It is approximately 95 miles from New York City.

Senator D'AMATO. It is a beautiful, beautiful part of our State and a beautiful part of Long Island in particular. How many potato growers do we have left out there?

Mr. CORWITH. Oh, approximately 200 potato growers on eastern Long Island.

I will not read my statement in its entirety, but simply say—to reiterate what many speakers before have said—that the Canadian import problem is a real problem to us. You have many facts and figures given to you. There are some in my testimony. I would say that last winter, during the last marketing season, I feel that we would have gotten more for our produce had we not had the great importation of Canadian potatoes into New York State and into the Eastern United States, the Northeastern part of the country.

Senator D'AMATO. Have you observed a decline in farming as a result of this kind of competition, in eastern Long Island?

Mr. CORWITH. I think this last year, certainly, and the year before, are going to have an impact because of the price received to the farmer and the economic conditions under which the farmers are operating.

Senator D'AMATO. How long have you and your family been involved in farming?

Mr. CORWITH. Our family has been involved in farming since 1907. We have been in potatoes for pretty much all that time.

Senator D'AMATO. What do you see as the single greatest abuse?

Mr. CORWITH. On the Canadian import situation? Well, their subsidization, I would say.

Senator D'AMATO. Do you get any subsidization?

Mr. CORWITH. No.

Senator D'AMATO. You don't have any Federal price supports?

Mr. CORWITH. No, sir, not since World War II.

Senator D'AMATO. No storage of your——

Mr. CORWITH. No supports whatever from the United States.

Senator D'AMATO. No transit subsidy support to get your products to market? After all, you are way, way out. You are 90 miles out.

Mr. CORWITH. We have no supports similar to the Canadian supports. They have many, many supports, not only the ones that you have mentioned but construction of buildings, grants to get them started in farming and keep them going.

Senator D'AMATO. Thank you, Mr. Corwith.

Mr. Utter.

STATEMENT OF HAROLD UTTER, PRESIDENT, G&U, INC., GOSHEN, ORANGE COUNTY, N.Y.

Mr. UTTER. First of all I would like to thank the Senate Committee on Small Business, the Subcommittee on Family Farms, for the opportunity of presenting my views on the problem of increasing Canadian imports of fresh produce into our domestic markets.

My brother and I have owned and operated a family farm over the past 30 years. We grow and sell about 2,500 acres of vegetables, in an area that on 10,000 acres produces approximately 1,200 to 1,400 produce that is marketed. We sell nearly all of our production directly to chainstore buyers up and down the entire east coast. We are in constant contact with all of the forces affecting our market prices during the market season.

There is a basic difference between Canadian produce trade to the United States and the U.S. produce trade to Canada. The U.S. fresh produce coming into Canada only is shipped when the buyer in Canada has purchased it. This price is established before the product enters Canada. Canadian products can be shipped into the United States either by order from a U.S. buyer with prices established, or it can be shipped on consignment without a buyer beforehand.

Consignment shipments usually go to the U.S. terminal markets to be sold for whatever the buyer will pay. Consignment sales can easily flood a market, since it is a convenient way to move surplus Canadian produce. This practice can quickly demoralize market prices. Our terminal market fresh produce prices are reported daily by the USDA market news service to the entire produce trade, and it is a strong factor in establishing a market price trend.

Senator D'AMATO. Mr. Utter, can you stop just for a moment? I know this is unusual, and I do run unusual hearings.

Is Mr. Nelson here? He has left? Is anybody from Mr. Nelson's department here? [No response.]

Well, the question I was going to pose, is whether or not that practice of saying that we cannot—you cannot, for example, send your potatoes or your vegetables up to Canada to be sold on consignment, can you?

Mr. UTTER. I don't know of consignment deals up there.

Senator D'AMATO. I am just saying that you cannot do it, where they can send their products down here on consignment and you are not allowed to do the same thing. You have to have a purchaser who buys yours, as you say——

Mr. UTTER. Right.

Senator D'AMATO [continuing]. Buys it at an agreed price beforehand.

Mr. UTTER. A broker will ask for your product. You will give him a price and sell it to him.

Senator D'AMATO. Well, that is a nice, easy amendment for me to stick on some agricultural appropriations bill.

Mr. UTTER. That would help considerably.

Senator D'AMATO. Oh, that is good. I will do some good. You gave me a great idea.

I am going to vote now, because I have 7 minutes to get downstairs and vote, but I will be back up.

However, Mr. Utter, let me tell you something. I should have known this. This is another area. Here we have a situation where American products, before we sell them you have to have a buyer, you have an agreed price, and then you can send them up. Then you have to pay the surtax, too, which may or may not be in existence. However, in addition they have a situation where, as you say, they can take the surplus products and just send them down there on consignment.

Mr. UTTER. That is exactly what they do.

Senator D'AMATO. They flood the market, drop the price, and maybe with some of their surplus create real havoc for us in your marketplace.

Will you please continue?

Congressman Gilman, will you run this?

Representative GILMAN. I would be pleased to, Mr. Chairman.

Mr. UTTER. Well, unfortunately they have the same weather conditions that we do, and when we have a good growing season they also have one. When we have a problem of overproducing, they also dump theirs onto ours and it gives us a double problem in that case.

Canada's fresh vegetable production includes most items also grown in the Northern United States. Canada's production is concentrated in the eastern provinces closest to the Northeast U.S. markets. Aggressive programs in Quebec are underway to clear and bring into cultivation extensive new tracts of farm land.

The New York State Department of Agriculture and Markets—I will leave that one out and move on.

Existing remedies available to U.S. industries to protect against imports that cause economic injuries are too slow, too cumbersome, too expensive to pursue, and not flexible in any price changes.

Canadian growers receive sympathetic encouragement from every level of their Government, while U.S. growers generally are not sympathetically treated by our Government.

I would like to include in the hearing record a copy of the letter to the editor printed in "The Packer" of April 16, 1983 from Mr. Stanley Wiecek, president of the Orange County Vegetable Improvement Cooperative Association, Inc., at Goshen, N.Y. This letter contains background information resulting from an indepth study of the Canadian imports of fresh vegetables and potatoes into our domestic markets.

The attached reproduction of Canadian Agriculture Minister Eugene Whelan, entitled "Whelan on the Issues," from the September 18, 1982 issue of "The Packer" provides significant additional background on the subject of subsidies to Canadian growers and expansion plans with increased exports in mind.

Representative GILMAN. Without objection, they will be entered into the record.

Mr. **Utter**. I thank you.

Representative **Gilman**. Thank you, Mr. Utter. We will reserve questions until the other panelist is finished.

Mr. Sorbello.

STATEMENT OF MORRIS SORBELLO, PAST PRESIDENT AND EXECUTIVE DIRECTOR, NEW YORK STATE VEGETABLE GROWERS ASSOCIATION

Mr. **Sorbello**. Thank you, Congressman.

I am past president of the New York State Vegetable Growers Association, and president of the Oswego County Vegetable Growers Association. I have had the privilege of serving on many agricultural committees and organizations in the State. I have a family farm in upstate New York, muck soil. I raise onions and lettuce. The area in Oswego County is highly noted for its lettuce production as well as its onions.

In addition to vegetables throughout the State of New York, I would like to bring a few things to light here. We are third in the Nation as far as onions grown, of the cooking onion. We are sixth in production of lettuce, and we are fourth in the Nation in fresh vegetables. I think that is a great accomplishment for the State of New York, being it is a seasonal State. We rank 1 through 10 in many products throughout the fresh vegetable production in New York State.

As president of these organizations, I have seen many gentlemen involved in family farms, which I think are the substance of the Nation and certainly of our State, that have carried back to the times such as my dad, who came from Italy and had a few acres of land on a tenant farm. The dream of his life was to have a family farm, which has occurred. My sons and my wife are now involved with myself in running a family farm.

I see the imports at this time, especially from Canada, deteriorating that structure in many ways. I can assure you one of the ways is the fact that clearing of muck lands in Canada—in the eastern portion, as Mr. Utter has described the growing areas—we think of Canada as tundra. It is covered with fertile lands adjacent to the lakes that grow a tremendous amount of production, and vegetable production out of these cleared muck lands—and they are clearing them with homestead acts, there is subsidization in clearing the acreage. Clearing of the lands is subsidized up to 50 percent. The drainage systems are 50 percent supplemented, in some cases 80 percent, depending on the type of drainage you are involved with.

They are building jacketed storages. That is a storage in a storage, which Mr. Utter or myself couldn't even begin to think of in cost. A subsidy of 50 percent is written off, right off the top, and then occasionally they have equipment that you put in these packing operations. Let's take carrots as an example. It requires a tremendous amount to package carrots in individual packages. They can receive 50 percent of the cost of that equipment, and so next year they expand that equipment to include onions, and the 50 percent cost is there. They can go into radishes and they can go into many vegetable items which our growers, if they had to finance, would put them out of the place right off the bat.

As was stressed earlier by Senator D'Amato, there are five carrot growers left in the State of New York. I have a picture here of the amount of stuff that is shipped into New York State in fresh produce, and I have a few items listed, such as cabbage, carrots, cauliflower, celery, lettuce, onions, and potatoes. I believe you have that.

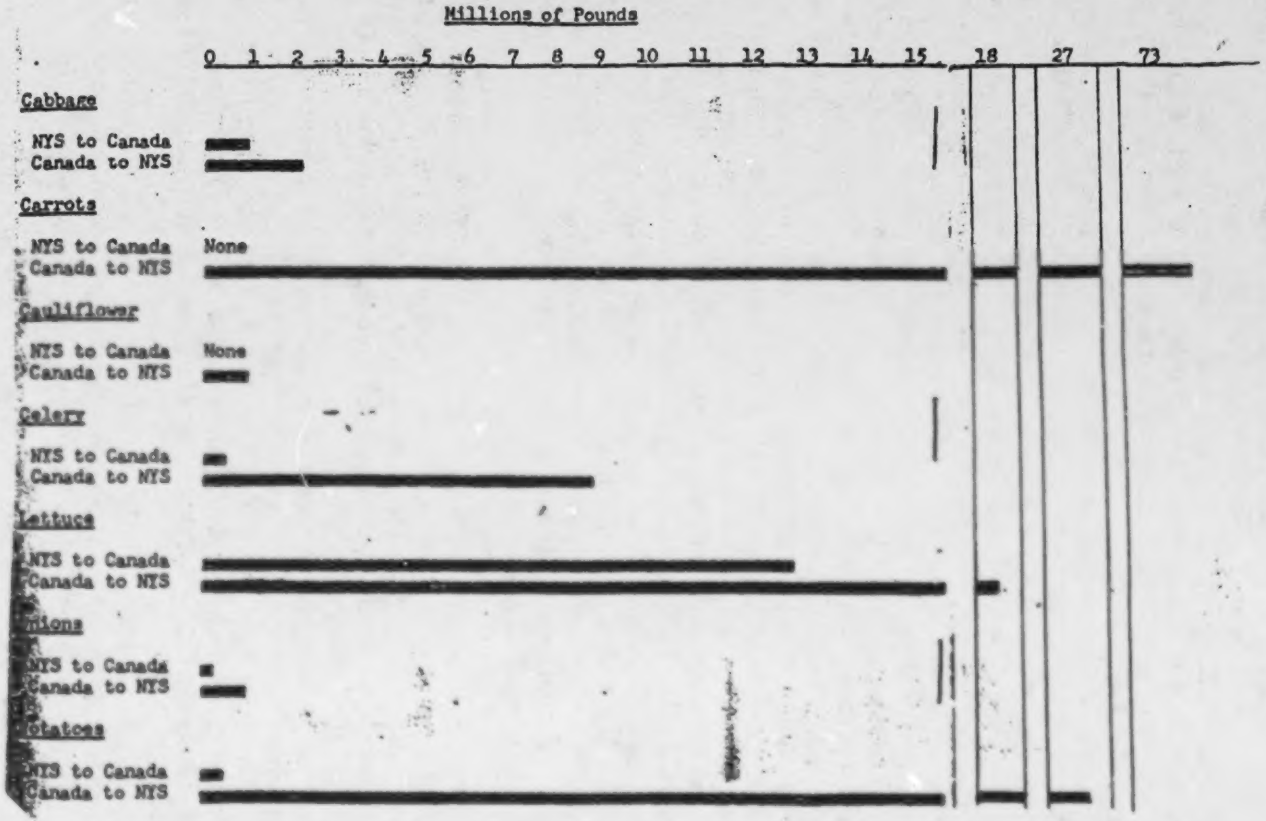
Representative **Gilman**. Are you referring to the graph of the New York State export and import trade of selected vegetables with Canada?

Mr. **Sorbello**. Yes, sir.

Representative **Gilman**. We will make that part of the record, without objection.

[Material follows:]

Chart 1. New York State Export and Import Trade
of Selected Vegetables with Canada
1977-1980 Inclusive



Mr. **Sorbello**. I believe that material came from the Commerce Department in the State of New York.

Just looking at that graph, for example, we do not ship one carrot into Canada. By the indications of the rest of the vegetables that you have listed or are seen here, you can see there is a tremendous difference.

I would like to highlight at this time that as I see the vegetable farmers, they are very efficient in New York State. I think personally they are among the finest in the land, and the deterioration of their home life and the structure of the family farm is jeopardized because of these imports. I think that the Canadian Government at this time has plans and is formalizing a tremendous onslaught of agricultural products and fresh vegetables across the border.

Just the fact that the monetary exchange eliminates the tariff in most cases, the exchange of money—for example, for a bag of onions it is 85 cents. That is nearly eliminated in the price structure when it comes across the border, just in the exchange. Therefore, now with the surtax that the onion people have that was enacted, for example, in the Canadian provinces—and I would like also to have on record the "Tabbs Onion Service Report" as of November 16, 1982, which was enacted against the Utah onion growers and shipping of onions in the large granule size—I am not certain, but I don't even believe that Canada raises a large granule, jumbo onion as we might know in the United States—imposed a tax or a surtax on these onions as we have in the legislation that you are working with at this time.

The original tariff was 75 cents. With the surtax, this was brought to a price of nearly $2 a bag. The farmer received $1.25 a bag for his onions. It requires 40 cents for a bag, the grading cost, and the selling cost. He receives nothing for his product in the bag, in essence. When that happened and that particular surtax was enacted by Canada——

Representative **Gilman**. Mr. Sorbello, how recently was that surtax imposed? How recent a date?

Mr. **Sorbello**. OK. The date was on October 15 to 31 of 1982, and carried through October, November, and into December.

Representative **Gilman**. Is that an official order that you are reading?

Mr. **Sorbello**. This is an order that was put out in the service, it is an international crop reporting service in this country, so——

Representative **Gilman**. What is the title of that page?

Mr. **Sorbello**. It is the "Tabbs Onion Service Report."

Representative **Gilman**. Is there a date on that?

Mr. **Sorbello**. Yes. It was issued, this market bulletin we are talking about was issued November 16, 1982.

Representative **Gilman**. Without objection, we will make that part of the record.

Mr. **Sorbello**. Thank you.

[Material follows:]

Tabb Onion Service

Phone
913-381-6310
BILL DORAN, Editor
LEANN CORRELL, Asst. Editor

Established August 1, 1926
An International Crop and Market Reporting Service for
Growers, Shippers, Re-packers, Distributors and Processors

7950 College Blvd.
Post Office Box 2939
Shawnee Mission, KS 66201

MARKET BULLETIN NO. 2812 TUESDAY, NOVEMBER 16, 1982

YELLOW ONION MARKETS ACROSS THE COUNTRY HELD ABOUT STEADY OVER THE PAST WEEK AS SHIPPERS IN SOME AREAS REPORTED AN IMPROVEMENT IN TRADING ACTION WITH THE APPROACH OF THANKSGIVING. THE WHITE ONION MARKET CONTINUES TO SHOW SOME LIFE. WITH REDUCED SUPPLIES OF WHITES AVAILABLE ACROSS THE COUNTRY, PRICES ARE SLIGHTLY HIGHER AGAIN THIS WEEK. SOME AREAS, SUCH AS COLORADO'S ROCKY FORD DISTRICT AND S.W. IDAHO-EASTERN OREGON HAVE SOLD QUITE A FEW MIXER LOADS OF YELLOWS AND WHITES SO THAT GOOD DEMAND FOR BEST QUALITY WHITES IS ALSO HELPING TO IMPROVE THE MOVEMENT OF YELLOWS IN THOSE AREAS. IN UTAH, GROWERS REPORT THAT THERE WILL BE ABANDONMENT OF SOME ACREAGE AS MARKET CONDITIONS DO NOT WARRANT HARVEST OF THIS AREA.

MEMBERS OF THE CANADIAN FRUIT WHOLESALER'S ASSOCIATION AND THE CANADIAN HORTICULTURAL COUNCIL BOTH IN OTTAWA, ONTARIO WERE INFORMED OCTOBER 26 THAT A SURTAX WOULD BE IMPOSED ON ALL ONIONS IMPORTED INTO THE WESTERN TARIFF REGION, WEST OF THUNDER BAY. THE SURTAX CHARGE WAS IMPOSED ON THE FOLLOWING BASIS: OCTOBER 15-31, TRIGGER PRICE (MINIMUM PRICE LEVEL) 7.3 CENTS (CANADIAN) PER POUND; NOVEMBER 1-30, TRIFFER PRICE 8.7 CENTS PER POUND; DECEMBER 1-31, TRIGGER PRICE 9.7 CENTS PER POUND. THE ANNOUNCEMENT EXPLAINED THAT IF ONIONS WERE QUOTED AT 5 CENTS PER POUND CANADIAN FOB OUT OF COUNTRY, THEN SURTAX (FOR OCTOBER) OF 2.3 CENTS PER POUND CANADIAN WOULD BE PAYABLE TO REVENUE CANADA, PLUS THE CURRENT DUTIABLE LEVY OF 75 CENTS PER 50-LB. SACK.

SHIPMENTS BY RAIL AND TRUCK
(10,000 Lb. Units)

	November						1982	Total This Season To 11/14	Total Last Season To 11/14	Final Total Last Season
RAIL	8	9	10	11	12	13	14			
Ida	20	70	60	40	90	20	-	2304	4062	11140
Ore	20	20	60	30	-	30	-	1698	2784	5750
Others	10	-	10	-	-	-	-	6180	2586	2750
TOTAL	50	90	130	70	90	50	50	10182	9432	19640
TRUCK										
Cal C	37	48	33	58	30	29	-	22385	22586	24420
Cal S	88	18	-	63	-	-	68	5989	3510	4540
Colo	188	124	160	104	120	40	-	11428	12812	22330
Ida	31	75	103	32	144	-	-	4588	6121	12100
Mich	91	84	104	75	97	76	-	5921	6976	16670
NY-E	92	109	67	101	75	49	28	9856	9535	17323
NY-W	104	93	99	78	107	100	-	5267	4654	21327
Ore	117	139	103	59	177	48	-	9396	12830	31620
Wash	44	32	32	44	44	16	-	6193	10717	13982
TOTAL	792	722	701	614	814	358	96	81023	89741	155330
Mexico	3	-	-	-	-	-	-	20	NA	NA

Mr. **Sorbello**. Therefore, with this surtax that we are talking about imposed, they can control the onion market to any level that they want to in their country. In this case here, the Utah growers of large granule onions—and it is documented here—there will be large acreages of marketable onions that will be abandoned in this area because of the market conditions. I just want to bring that forth.

We strongly feel that legislation of the type on which you are working is part of our answer, and hope that the committee will understand this.

I thank you very much for letting me speak.

[Material follows:]

NEW YORK FARM BUREAU
ROUTE 9W P.O BOX 100
GLENMONT, NEW YORK 12077
(518) 436-8495

TESTIMONY OF RICHARD CORWITH IN REGARD TO CANADIAN AGRICULTURAL IMPORTS

June 29, 1983 Washington, D.C.

My name is Richard Corwith and I reside in Water Mill, Long Island, New York where I farm 200+ acres of potatoes. I am a member of New York Farm Bureau and a past member of the State Board of Directors of New York Farm Bureau.

I appreciate the opportunity to be here today to express my sincere concern over the very serious problem of Canadian export of vegetables, particularly potatoes, carrots and onions.

Briefly stated, the problem is that Canada, through a variety of ways, is subsidizing the production and export of potatoes in violation of the recent GAAT agreements, and that Canadian potato producers are fraudulently exporting potatoes to U.S. receivers as seed potatoes to be consumed as table stock, thereby avoiding approximately 25¢/hundredweight U.S. tariff on above quota shipments. The net effect is that New York and other Northeastern potato growers are not just competing with Canadian potato growers, but with the Canadian treasury.

To better understand the problem, let me briefly review some of the past and present trading patterns. During the 1975-76 production year Canada exported over 629,000 hundredweight of potatoes to the United States. In the 1979-80 production year Canada exported approximately 1.9 million hundredweight potatoes to the United States.

In the 1975-76 production year the United States shipped to Canada nine times the amount of potatoes that Canada shipped to the U.S. By 1979-80 Canadian exports to the U.S. exceeded the quantity of potatoes shipped to Canada from the U.S. In 1980-81 Canada again outstripped the United States in the amount exported. Shipments of seed potatoes from Canada have grown from 34 million pounds in 1976 to 298 million pounds in 1981; that is an increase of over 250 million pounds of potatoes in that five-year period. Fresh market potato exports from Canada to the United States increased from 14 million pounds in 1976 to over 298 million pounds in 1981. During the same period of time, U.S. shipments to Canada dropped over 50%, from 225 metric tons to 108 metric tons. The problem is especially acute because virtually all of the Canadian potatoes enter the United States here in the Northeast, seriously impeding our markets. To better understand what this means to New York potato growers I have secured these statistics from the New York State Department of Agriculture and Markets. In the 3 year period from 1978 to 1980 potato exports to New York State rose from 81,372 hundredweight to 534,430 hundredweight. In terms of value it represents an increase from $377,000 in 1978 to over $2.7 million in 1980. Certainly it is even higher today.

While Canadian exports have enjoyed an 800 to 900% increase over the past five years, some people excuse the situation by saying that the currency exchange rate is the primary reason for this increase. In 1978 when the Canadian federal government signed the Federal-Province Subsidy Agreements, designed to stimulate agricultural production, the official exchange rate that the Canadian dollar was worth was 87.7 cents U.S. currency. In 1981 the Canadian dollar was worth 83.4 cents U.S., a difference of approximately 4.3 cents. I have to ask is a 4 cent difference enough to enable them to expand their exports 800-900 percent?

The charges by New York and Northeastern potato growers focus on four main points:

1. Canada and its provinces are heavily subsidizing the production of potatoes for export markets.

2. Potatoes destined for table stock are shipped in as seed stock to avoid a higher tariff.

3. Canada and its provinces have mapped out a plan to capture the Eastern U.S. potato markets.

4. The increase in potato exports to the U.S. is due to the difference in the exchange rate, the new GAAT agreement and the government subsidies to Canadian potato growers.

1. Subsidies - Canada is providing assistance programs for its potato producers. Most countries provide assistance programs to encourage production for domestic markets. However, Canadian assistance programs are estimated to provide about $1 per hundredweight of assistance or approximately $230 per acre. Potato growers in Canada's maritime provinces of Quebec, Prince Edward Island and New Brunswick receive stabilization payments of 70¢ per hundredweight under one program alone, and they are annually guaranteed a minimum price equivalent of 90% of the previous five-year average price.

Canadian and provincial governments provide grants to build storage facilities, transport fertilizer and lime, bury cull seed potatoes, subsidize interest rates, buy farms, purchase equipment, and hire labor. Many of these programs are grants, not loans, and there is no repayment by the growers.

2. Seed stock for table stock - To the month of March, 1982 there are reported that 265 trailerloads of seed potatoes were shipped to New York. One load of seed potatoes was shipped to Washington, D.C. during the same month. It has long been known that many of the "seed" potatoes are being packed and sold as table stock to avoid a 25 to 35 cent tariff difference

3. Canadian plan - After the discovery and development of vast energy resources in the Western provinces of Canada, the Liberal federal government of Canada embarked on a development program to economically lift its poorer provinces by providing grants and subsidies to its farmers to increase its agricultural production. Forestry, fishing and agriculture were targeted as areas to be developed in the three maritime provinces of Quebec, Prince Edward Island and New Brunswick. Begun in 1978 the impact of these Federal-Province Subsidy Agreements became most apparent in 1980 and 1981. Their impact is increasingly being felt by American producers being pushed out of their traditional Eastern markets. These subsidary agreements are organized into four programs: (1) planning and development; (2) development opportunities; (3) entrepreneurial development; (4) implementation support. These programs have set goals to greatly increase production and to aggressively secure markets for increased production. The Executive Director of the Maine Potato Commission recently was

quoted as saying, "Our whole market has been dictated by the supply of Canadian potatoes available at just about any price. There is one firm in Woodstock, New Brunswick that consistently offered russets at two to three dollars below the known market all last fall in order to penetrate the Eastern institutional market." One of the more recently expressed fears is that Canadian subsidized french fry processing plants may be dumping in the United States in order to gain market share.

4. Reasons for Canadian export increase - The recent surge in Canadian potato exports is probably not due to one factor, but rather a combination of factors. Some of the more widely discussed reasons include the difference in the exchange rate, the declining tariff on below quota shipments and above quota shipments and last but not least the very lucrative potato subsidies offered by the Canadian government.

In summary, during the past five years while U.S. potato exports to Canada have declined by 50%, Canadian potato exports to the United States have increased by over 870% and now exceed U.S. potato shipments to Canada. The condition is a grave one for New York and Northeastern growers. Many farmers have been forced out of business, unable to compete with the subsidized products coming over the border. Those that remain are facing a very serious threat to their continued viability. Furthermore, there appears little doubt that the trend will continue The Eastern Canadian provinces recently reported 40% greater holdings than this time a year earlier and that potato planting in those provinces will be up by 10% over last year.

I want to thank you, Senator D'Amato, for providing me the opportunity to express the concern of many growers over this very serious issue. We strongly encourage your continued interest and action in resolving this matter.

G & U Inc.

GOLDEN
HARVEST
BRAND

R.D. 2, GOSHEN, ORANGE COUNTY, NEW YORK 10924
TELEPHONE (AREA CODE 914) 651-4471 - 4472

STATEMENT BY
HAROLD UTTER, PRESIDENT, G & U, INC.
BEFORE SUBCOMMITTEE ON JUNE 29, 1983
SENATE SMALL BUSINESS COMMITTEE

I wish to thank the Senate Committee on Small Business, Subcommittee on the Family Farm, for the opportunity to present my views on the problem of increasing Canadian imports of fresh produce into our domestic markets.

My brother and I have owned and operated our family farm over the past 30 years. We grow and sell about 2,500 acres of vegetables at present made up of onions, lettuce, celery and radishes. We sell nearly all of our production directly to chain store buyers up and down the entire east coast. We are in constant contact with all the forces affecting our market prices during our marketing seasons.

There is a basic difference between Canadian produce trade to the U.S. and U.S. produce trade to Canada. U.S. fresh produce going into Canada only is shipped when a buyer in Canada has purchased it. This price is established before the product enters Canada. Canadian produce can be shipped into the U.S. either by order from a U.S. buyer with price established or it can be shipped on consignment without a buyer beforehand. Consignment shipments usually go

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to a U.S. Terminal market to be sold for whatever a buyer will pay. Consignment sales can easily flood a market since it can be a convenient way to move surplus Canadian produce. This practice can quickly demoralize market prices. Our Terminal market fresh produce prices are reported daily by the USDA Market News Service to the entire produce trade and is a strong factor in establishing a market price trend.

Canadian fresh vegetable production includes most items also grown in the northern U.S.. Canada's production is concentrated in the eastern provinces closest to northeastern U.S. markets. Aggressive programs in Quebec are under way to clear and bring into cultivation extensive new tracts of farm land.

The New York State Department of Agriculture and Markets documented extensive Canadian provincial and federal subsidy programs available to encourage Canadian expanded production of fresh vegetables in 1980 as a part of the documentation of a countervailing duty petition. Such subsidies include low interest loans and some outright grants to Canadian growers to purchase equipment, build storages, buy and develop new land, and for production uses. A program to guarantee 90% return to the grower of average costs to grow and market a commodity can be implemented when needed. Transportation subsidies to market are used. Such subsidy programs are not available to northeastern U.S. vegetable producers. We can compete gladly with any grower in the world but now we find we are competing with the Canadian treasury as well as the grower.

Our U.S. government position is based upon consideration only of the annual trade picture with Canada which annually is in U.S. favor. It is the seasonal trade that hurts us; Canada's season and our Northern U.S. season are the same. Florida, Texas, Arizona, and California benefit greatly from trade with Canada during Canada's off season. In season imports to Canada from U.S. growers are largely limited to specialty produce items not readily grown in Canada.

The 1982 marketing season for our farm showed us first-hand the demoralizing effect surplus shipments from Canada can have on prices in our domestic markets for onions, lettuce, celery, and radishes. We witnessed an economic disaster this past season in the northeast in marketing fresh vegetables at prices substantially below our costs. We often found Canadian produce being offered in our markets in Boston, Providence, Hartford, New York City, and Philadelphia at lower prices than what the market was considered to be. The Buffalo celery market was considered in the trade to be the exclusive of Canada since U.S. producers could not compete with Canadian prices. Canada has developed a very aggressive carrot industry; the New York State carrot industry is almost extinct at this time.

The problem with Canada can not be solved by their relaxing their restrictions placed upon shipments from U.S. growers. The problem can only be solved by control of Canada's ability to export subsidized surplus crops into our domestic markets. We need a means to apply a temporary fast-track surtax on an imported commodity from any country when, as a result of increased imports, economic injury threatens U.S. growers. Such a bill has been introduced as HR 3193 by Congressman Ben Gilman. This bill has been modeled somewhat after present Canadian legislation providing for a temporary fast-track surtax.

Existing remedies available to U.S. industry to protect against imports that cause economic injury are too slow, too cumbersome, too expensive to pursue, and not flexible in any price changes.

Canadian growers receive sympathetic encouragement from every level of their government while U.S. growers generally are not similarly treated by our government.

I would like to include in the hearing record a copy of the letter to the editor printed in The Packer April 16, 1983 from Mr. Stanley Wiecek, President of the Orange County Vegetable Improvement Cooperative Association, Inc. at Goshen, New York. This letter contains background information resulting from an in-depth study of Canadian imports of fresh vegetables and potatoes into our domestic markets.

The attached reproduction of Canadian Agriculture Minister Eugene Whelan entitled "Whelan on the issues" from the September 18, 1982 issue of The Packer provides significant additional background on the subject of subsidies to Canadian growers and expansion plans with increased export in mind.

THE PACKER, Sat., April 16, 1983 — Page 17A

Surtax necessary to protect U.S. industry from subsidized imports

Dear Editor:

The press has covered the statements of Eugene Whelan, minister of agriculture for Canada, as well as Bill Daman and Dan Dempster of the Canadian Fruit Wholesalers' Association. Understandably, all of them wanted to present Canada's agricultural trade balance in the most favorable light. In the process, what they didn't say was more significant than their official statements.

In the past, U.S. vegetable growers did not have the analytical resources to make a comprehensive reply. We are ready now. A group of vegetable growers from a number of states have engaged the firm of Louis H. Vorzimer Associates Inc., consultants to the agricultural industry, to represent the growers. Dr. Louis Vorzimer has made available to me data that would be of interest to other growers nationwide.

We freely acknowledge that Canada is the largest foreign market for U.S. fruit and vegetable products. This fact should not mask some important considerations:

Canadians are heavy consumers of fresh vegetables. The weather conditions in Canada are very much like the weather conditions of our Northern Tier states. Of necessity, the Canadians concentrate their vegetable exports to the United States during their "in season."

The U.S. West Coast and other parts of our country grow vegetables during the "out-of-season" period. Canadian imports are concentrated during the "out-of-season" period. Virtually all of their vegetable imports come from the United States because of proximity, price and quality. U.S. exports to Canada, for the most part, occur only when they are needed.

A REVIEW OF the "Annual Unload Report, Fresh Fruits and Vegetables, on 12 Canadian Markets, 1980" by Agriculture Canada, revealed Canadian vegetable imports out of season and in season respectively were: celery, 84 percent, 16 percent; lettuce, 91 percent, 9 percent; cauliflower, 87 percent, 13 percent; cabbage, 70 percent, 30 percent; carrots 70 percent, 30 percent; potatoes, 78 percent, 22 percent; and onions, 47 percent, 53 percent.

In-season imports include some specialty types of a given commodity not readily produced domestically.

Onions are atypical. Canadians are very fond of "long day" type onions, such as sweet Spanish. Canada does not have the climate to grow this type of onion even "in season." There are heavy imports year-round.

The concentration of the Canadian exports during the in-season period when many U.S. growers are trying to sell to major terminal markets, has a devastating effect. At the present time, Canadian vegetable exports to the United States are concentrated in Eastern cities. A trading area for growers constitutes not only the home state, but terminal markets some distance from the home state.

In the Sept. 18, 1982 issue of *The Packer*, Dempster was reported as saying that 1980 was the first year Canadian carrot exports to the United States exceeded U.S. carrot exports to Canada. When carrot shipments are related to Eastern terminal markets, the impact is more graphic.

FOR COMPARISON purposes, we will show the figures for Canada and Michigan. Michigan has a climate very much like Canada with a similar growing season. Michigan fresh carrot production is only exceeded by California and Washington. New York state was not selected because it is dominated by carrots from Canada, and less than five fresh carrot producers remain.

Fresh carrot unloads at Eastern terminal markets in 1980 from Canada and Michigan respectively were: Albany, 1.8-million pounds, 100,000 pounds; Baltimore (including Washington, D.C.), 3.6-million pounds, 1.4-million pounds; Boston, 8-million pounds, 800,000 pounds; Buffalo, 9-million pounds, none; New York, N.Y. (including Newark, N.J.), 4.1-million pounds, 1.5-million pounds; Philadelphia, 2-million pounds, 2.2-million pounds; Pittsburgh, 200,000 pounds, 2.4-million pounds; Providence, R.I., 100,000 pounds, none.

The unloads total for these markets was 28.6-million pounds of Canadian carrots and 8.4-million pounds of Michigan carrots.

The concentration in the Eastern terminal markets is not accidental. The Eastern markets represent some of the highest-volume markets and the lowest freight expense from Canada. In the Sept. 18, 1982 issue of *The Packer*, Whelan stated his government's intention to increase agricultural production 70 to 100 percent. This statement should not be taken lightly. For carrots, with 1979 as 100 percent, 1982 carrot produciton was 195 percent.

The implications are clear. As more production is attained, Canadian exports to the United States will seek more distant markets in the United States. This will be true of all vegetables as well. Small mention is made that in 1982 Canadian exports of potatoes to the United States far outstripped U.S. exports to Canada.

AGAIN FOR PURPOSES of comparison, let's look at unloads of Canadian and Michigan potatoes respectively in Eastern markets. Unloads in 1982 were: Baltimore (including Washington, D.C.), 4.1-million pounds, 600,000 pounds; Boston, 24.9-million pounds, 100,000 pounds; Buffalo, 600,000 pounds, 100,000 pounds; New York, N.Y. (including Newark, N.J.), 27.6-million pounds, 800,000 pounds; Philadelphia, 11.1-million pounds, 300,000 pounds; and Pittsburgh, 3.4-million pounds, 18.1-million pounds.

The total for those markets was 71.7-million pounds of Canadian potatoes vs. 20-million pounds of Michigan potatoes. (Albany and Providence unload reporting was discontinued in October 1981.)

The question arises: "How do the Canadians manage to pack such a wallop in important U.S. markets?" The answer, of course, is governmental subsidies.

Governments often will not comment on subsidies. Whelan does respond to questions. In the Sept. 18 issue of *The Packer*, he responded to questions on subsidies:

Whelan said that in past years there have been Canadian subsidy programs for fresh-market potatoes, seed potatoes and tablestock. "It has not been a constant one," Whelan said. He added that there was no organized subsidy program last year.

Specifically, Whelan explained that producers receive aid "if the cost price return is below the cost of production and the crop does not return 90 percent of the last five years' average." A federal government program has been organized to reimburse the grower for this loss.

THE CANADIAN federal government also organized a crop insurance program funded equally by the federal government and growers to provide aid following a crop disaster.

"It's a half-crop insurance in case of a crop disaster," he explained. "We pay that right away. Some (producers) don't even mention the federal government being involved."

The provinces, he added, have some independent subsidy programs.

Whelan continued: "If I was the U.S., I'd be a little concerned, too. Quebec and Alberta are subsidizing (producers)."

Whelan's response is a little disjointed, but a number of essential elements are included.

Canadian agricultural subsidies are in voluminous detail, so an overview is the best approach. A cornerstone of the subsidy program is the guaranteed "90 percent of the last five years' average." The U.S. grower does not have this valuable safety net. The Canadian subsidies are literally too numerous to mention. Moreover, there are both federal and provincial subsidies. The range is wide, covering loans, advance payments, water systems, drainage, and housing for workers, to name a few.

IT IS NO SECRET that Canada aims to double food output value by the year 2000 (*The Packer*, Sept. 18). Canadian farmers receive sympathetic treatment at every level of government. U.S. vegetable growers have not been accorded this consideration by their government. The inequality is highlighted by the Canadian surtax.

In 1979, a fast-track system of surtaxes, to be imposed at times of unusually low prices, was instituted. Under this system, a surtax on imports equal to the difference between the f.o.b. price and a benchmark price (85 percent of the average price of the past three years or 90 percent of the average price of the past five years) can be imposed. For a small list of named commodities, including lettuce, potatoes, strawberries and cherries, the process of recommending the placement of a surtax is automatic.

For other commodities, a decision on imposing the surtax must be made within 30 days of a grower request. Once in place, the surtax can remain for up to 180 days.

We have nothing to match the Canadian surtax. It is incomprehensible that such a state of inequality should exist between Canadian and U.S. fruit and vegetable growers. We are not asking for subsidies, but we are asking for a surtax like Canada's.

The Canadians have shown considerable skill in the drafting of their surtax. A great deal of thought has gone into the surtax. We would be very happy to benefit from their experience.

The surtax is an intermediate step before protectionism. It is operative only when subsidized imports cross our borders at declining prices that would erode our fruit and vegetable industries.

What has to be done? First, call 914/478-1733 and find out more about what we are doing. It is about time we broke out of the grower bind "too little and too late."

Second, make copies of this letter and send a copy to your senators and congressmen. Ask them to telephone Rep. Benjamin Gilman, R.-N.Y., who is drafting surtax legislation, and let Gilman know that he can count on their help.

At the moment, we have multistate support! If we are to succeed, we need national support. Do your part. You will be the one to benefit.

Yours truly,
Stanley Wiecek
President
Orange County Vegetable Improvement Cooperative Association Inc.
Goshen, N.Y.

/From The Packer, Sept. 18, 1982/

Whelan on the issues

Domestic consumption, need for arbitration, subsidy programs discussed

By KATHRYN OLDFIELD

OTTAWA, ONTARIO – The agricultural sector of the Canadian federal government continues to work toward increased production and consumption of Canadian-grown produce, according to Agriculture Minister Eugene Whelan.

"We want (Canadians) to eat more Canadian food," Whelan said, in a recent interview at his Canadian Ministry of Agriculture office in the Agriculture Canada building, here.

Whelan said there is potential to increase agricultural production 70 to 100 percent in Canada. He referred to the "Strategy for the Agri-food Sector," a discussion paper developed in 1981 at the request of the federal cabinet, in discussing future possibilities.

The strategy reports that "the potential productivity of Canadian resources managed by the private sector portends a real value of output of the Canadian agri-food sector in 2000, more than double that of 1980."

Whelan said the increased production would incorporate 100,000 new growers and 270,000 new workers into the agricultural sector. "Most (product grown) would be on improved present land," he said. "We are growing things that are not rewarding to produce at this time."

WHELAN PROMOTES increased production and consumption of Canadian-grown produce for several reasons: "Our food that we pay most for is imported," he said. "We import far too much. We have to, to get those fresh, leafy things in the winter that (consumers) don't really need."

Statistics indicate that in 1979, the United States supplied Canada with $2.7 billion in imported goods. The European Economic Community followed with $332 million and Australia with $240 million.

The leading import in 1978 was fruits and nuts at $968 million. Plantation crops followed at $778 million, vegetables – excluding potatoes – at $447 million, red meats at $332 million, oilseed products at $300 million, and sugar at $251 million.

In promoting Canadian produce, Whelan explained that home-grown "cole" crops, such as carrots, parsnips and rutabagas, have an advantage for Canadian consumers.

"Food grown North is better for you. It takes longer to grow and has more nutrients," he said.

Whelan said, for instance, that there is great potential to increase the yields of cole crops in Canada.

He said that research into production of different commodities on a year-round basis already has produced some encouraging results

In addition to his observations of increased self sufficiency in Canadian agriculture, Whelan commented on the following subjects:

- On re-implementing the authority of the Canadian Board of Arbitration: "It's too slow, too late. (Producers) need things like that (at the snap of a finger)," Whelan gestured. But, he added, the board will provide "legal backing. Now (receivers) don't have any place to go. It'll scare (shippers, receivers and inspectors). It'll keep (the inspectors) on their toes. Some leave a lot to be desired."
- On U.S. marketing, specifically the broker's role: "It isn't producer fighting producer. It's the broker manipulating the markets which hurt produce. Americans are great believers in the free enterprise (system) and free markets, but are no freer than we are in Canada by these very actions (of manipulation.)"

Whelan continued, saying that one problem affecting produce is that there is "no firm commitment to orders (placed)." He said U.S. brokers keep in contact with product in transit by the radio. If there is no market for it at one stop, it is moved on to another outlet.

- On subsidies: Whelan said that in past years there have been Canadian subsidy programs for fresh-market potatoes, seed potatoes and tablestock. "It has not been a constant one," Whelan said. He added that there was no organized subsidy program this year.

SPECIFICALLY, Whelan explained that producers receive aid "if the cost price return is below the cost of production and the crop does not return 90 percent of the last five year's average." A federal government program has been organized to reimburse the grower for this loss.

The Canadian federal government also organized a crop insurance program funded equally by the federal government and growers to provide aid following a crop disaster.

"It's a half-crop insurance in case of a crop disaster," he explained. "We pay that right away. Some (producers) don't even mention the federal government being involved."

The provinces, he added, have some independent subsidy programs.

Whelan continued, "If I was the U.S., I'd be a little concerned, too. Quebec and Alberta are subsidizing (producers)."

- On "Whelan's cheap food policy": When a grower is compensated for below-average market prices, the money reimbursed him is for tax dollars. Whelan argues, "The consumer gets the benefit of damn cheap food. It's 'Whelan's cheap food policy.' We haven't raised consumer taxes in 14 years. It's a total social benefit. We have the smallest budget of any department — 1.4 percent of the federal budget is for food."
- On Canadians and U.S. food supplies and consumption. "Canadians and Americans are the two luckiest people in the world. We waste way more than the average citizen in developing countries.

Representative GILMAN. Well, thank you for your comments. I want to thank all three panelists for making themselves available for the committee's review of this problem.

I would like to address all three of you. You are all from different vegetable-growing regions in the New York State area. Have the Canadian export policies and their surtax policies had a significant impact on the farmers in your own region, an economic impact? Mr. Corwith?

Mr. CORWITH. I would say indirectly; yes. They compete with Maine and upper New York State, where they ship directly across the border into their markets, and they in turn—these other areas in turn—sell potatoes in competition at a lower rate. Our markets are generally south, for us on Long Island.

Representative GILMAN. What commodity are you referring to, Mr. Corwith?

Mr. CORWITH. Potatoes.

Representative GILMAN. That is for some 200 growers in your area, out in eastern Long Island?

Mr. CORWITH. Yes. It probably affects to a greater extent, even, the growers across the band of upper New York State, the many potato growers up there.

Representative GILMAN. You have some evidence that it depressed your market price?

Mr. CORWITH. Yes; I feel that it did.

Representative GILMAN. What do you do when you have a large surplus coming into the area? What do you do with your own crop?

Mr. CORWITH. Well, you try to meet, you have to meet the price in competition, which means a lowering or a stabilizing of the price. The price stayed very stable all last winter. We had to meet the price to sell our product.

Representative GILMAN. Was there any necessity for plowing under any surplus crops as a result of this?

Mr. CORWITH. Not that I know of in the No. 1 potato. Of course, the off grades and the small ones, there were some of those dumped, but this may be a normal thing.

Representative GILMAN. Mr. Utter, how have the Canadian policies impacted on your region in Orange County?

Mr. UTTER. Well, Congressman, you asked about the potatoes being plowed under. Of course, that is a storage crop, and a crop after you once harvest it, you have no choice but to try to get all your expenses out that you can. As long as you get over the packaging charges out of it, the rest goes toward the growing costs or expenses.

However, if it is a green crop that you harvest fresh and market fresh and the prices are less than what it costs you to harvest and package it, and prepare it and ship it to market, if the Canadian prices are below that cost, then you will plow your crop under. However, if you can gain 50 cents over and above your marketing and your harvesting costs, you will take that 50 cents and apply it toward your growing costs. Therefore, it is your green crops.

Our onion crop is similar to the potato crop; it is a storage crop. Many times we market that, like last year we marketed our onion crop for half what it cost us to grow it because it was already harvested and we had no choice.

Representative **Gilman**. Was that primarily due to the Canadian imports?

Mr. **Utter**. The Canadians and other imports had the biggest part to do with our problems in the East.

Representative **Gilman**. You were selling your onion crop at one-half of what it cost to produce last year?

Mr. **Utter**. We received 50 percent of our cost of production last year.

Representative **Gilman**. That was primarily due to the Canadian imports?

Mr. **Utter**. Import problems.

Representative **Gilman**. Now with regard to the nonstorage commodities, I assume that in your area they would be lettuce and celery. What do you do with those crops when you are finding that they are marketing below cost?

Mr. **Utter**. When the Canadians are dumping, they generally do the same as we do. They try to maintain a domestic price on their commodities at home, and when they have more product than they can sell at home they continue to fill the storages, the same as we do here.

We will try to hide our surpluses in the storages to the point that the storages are full, and we no longer can harvest. Then we have to do something with what is in our storages. We either sell them at half the price it costs us to put them there, or you have to dump them in a dump somewhere and destroy them.

Therefore, what the Canadians will do, they will empty their storages and either sell it very cheap or on consignment on our markets. When we are harvesting our crop from the fields and the price of the Canadian product is half of what it costs us to produce and below our harvesting costs, we will plow ours under rather than put good money with bad.

Representative **Gilman**. Did you have to do any plowing under last year?

Mr. **Utter**. I destroyed several acres of radishes, probably 100-some acres or better of radishes.

Representative **Gilman**. Was that due primarily to the Canadian imports?

Mr. **Utter**. All to the Canadian imports.

Representative **Gilman**. I see Senator D'Amato has returned.

Senator D'Amato, I am now being called for a rollcall in the House. We have just started the questioning of the panelists, and I have just been inquiring—and we are up to Mr. Utter—asking how the price has affected their nonstorage commodities and what they have had to do regarding the plowing under of crops.

Thank you, Senator, for allowing us to continue in your absence.

Senator **D'Amato**. Thank you, Congressman, for being here, and not only that but for having the courage and taking the time out to draft the kinds of legislative proposals which I think will have an enormously beneficial effect, and at the very least maybe get the administration to respond to some of the inequities.

You gentlemen will recognize and realize that legislation on the congressional level is rather difficult to achieve. However, many times it has a very salutary effect in getting some administrative reaction to a difficult situation.

Mr. Utter, with respect to several of the legislative proposals that have been advanced, particularly that by Senator Cohen and that by Congressman Gilman, do you have any reaction with respect to those?

Mr. UTTER. Yes. I think that Congressman Gilman's surtax bill is the answer to all of our problems with imports from other countries. It is a piece of legislation which is more or less a watchdog. When there is some wrongdoing or dumping taking place, it comes into action, and the tax is based on the difference in what is being offered for sale and what the 5-year average price might be. It is a bill that is there when you need it, but it doesn't affect anyone when it is not needed, and I very strongly favor the surtax bill.

Senator D'AMATO. Mr. Utter, what was your personal experience with the Government, then, when you attempted to seek any redress? Was that question asked of you before?

Mr. UTTER. No.

Senator D'AMATO. Well, have you had any personal experience in attempting to deal with the inequities that came about as a result of the Canadian farm practices?

Mr. UTTER. Well, we have had a meeting here last February with our State representative, Mr. Larkin. We met with, I think his name was Mr. Wood, from Albany, in regard to our problem with the Canadian imports.

Of course, one answer that I will never forget was, his remark was, "You know, IBM sells an awful lot of products in Canada, and we don't want to do anything to have any retaliation by Canada on our exports."

Senator D'AMATO. Who said this to you?

Mr. UTTER. Mr. Wood. He was with the Department of Commerce.

Senator D'AMATO. Therefore, in other words, he went into that age-old practice that we will tolerate injustices on one hand because, after all, there is another policy, we sell other goods and services, and therefore we will allow this thing to exist.

Mr. UTTER. Right. That was his answer.

Senator D'AMATO. Mr. Utter, thank you so very much for being here and being part of this.

Mr. Sorbello, how have you been?

Mr. SORBELLO. Good, Senator, thank you.

Senator D'AMATO. What are we doing with that packaging on the lettuce? Did we ever deal with that?

Mr. SORBELLO. We are trying again. We have been working on small machines that will wrap, hopefully, and there is going to be some experimental work this summer.

Senator D'AMATO. We are not going to lose those contracts, are we?

Mr. SORBELLO. I hope not. I hope not.

Senator D'AMATO. You know, there is only so much I can do.

Mr. SORBELLO. I realize that, and you have done very well.

Senator D'AMATO. All right, Mr. Sorbello, you have submitted to us a chart which illustrates New York State export and import trade of selected vegetables with Canada in 1977 through 1980. I wonder why you do not go further. You do not have anything in other years?

Mr. SORBELLO. That was the only up-to-date report. I believe the Department of Commerce in the State of New York put that out, and I do not know that there were any more after that documented. That was the last one I could get.

Senator D'AMATO. When it talks about cabbage—do you have that in front of you?

Mr. SORBELLO. Yes, I do.

Senator D'AMATO. Would you want to, just for the record—and it is part of the record, as Congressman Gilman has submitted it to the record—talk about what New York sends to Canada and what Canada sends to New York State.

Mr. SORBELLO. OK. In the case of cabbage, it is over twice as much cabbage sent from Canada here.

Senator D'AMATO. How much would that be in quantity?

Mr. SORBELLO. Well, it is over 2 million pounds that——

Senator D'AMATO. We send——

Mr. SORBELLO [continuing]. That Canada sends to us, and we send approximately——

Senator D'AMATO. They send 2 million here, to New York State.

Mr. SORBELLO. They send twice as much to us.

Senator D'AMATO. Twice as much.

Carrots? What is that? What is this figure, 73 million?

Mr. SORBELLO. It is 73 million pounds, and to my knowledge not a carrot is sold in Canada from New York State.

Senator D'AMATO. Therefore, 73 million pounds of carrots are sold in New York State from Canada, and we don't sell any?

Mr. SORBELLO. None at all.

Senator D'AMATO. Of course, our carrot farming has almost been decimated. Isn't that true?

Mr. SORBELLO. It has. As you said, there are approximately five—and that is the actual facts— approximately five people left in the State of New York who grow carrots.

Senator D'AMATO. In the entire State of New York? Well, if we keep it up, maybe we can wipe out everybody else, anyone else who farms. We used to grow cauliflower at one time, too, didn't we?

Mr. SORBELLO. Yes, we do.

Senator D'AMATO. How about that? Do we grow it any more?

Mr. SORBELLO. As you can see, they still grow cauliflower but we send none to Canada and of course Canada sends approximately the figure of about 1½ million pounds to us.

Senator D'AMATO. How about celery?

Mr. SORBELLO. Celery, once again, we send to Canada less than about 0.5 million pounds, and Canada sends approximately close to 10 million pounds here, into the State of New York.

Senator D'AMATO. How about lettuce?

Mr. SORBELLO. In that case there, we are sending about 13 million pounds to them, and Canada sends back to us approximately over 18 million pounds.

Senator D'AMATO. Maybe that is because we have a longer growing season and we can send them up some lettuce when they need it?

Mr. SORBELLO. No. One of our big problems, I think, is that I cannot personally—and I also market our crop—we cannot send any lettuce into Buffalo. If you want to go to Buffalo, just forget about it, because with the Canadians coming from the Bradford area, for example, they pack an 18-headed crate of lettuce, 18 heads to a box.

They leave more leaves on, and they can market that lettuce in that box for less than we can, and I don't know how because the box, the cooling, the harvesting cost, everything is identical almost for 24 heads as it is for 18 heads, and yet they come in with that 18-headed crate and they dominate the market. We cannot touch them. As Mr. Utter stressed, it is on consignment. We cannot even touch them. The thing that really gets me mad, Senator, is that I go over to my local supermarket and it is there, during our season, Canadian lettuce.

Senator D'AMATO. When you talk to them, what do they say about it?

Mr. SORBELLO. To my supermarket?

Well, we get it out of the Buffalo market. Our chain is based in that area and we find it to be more advantageous to have that.

Senator D'AMATO. Again, they have 18 million.

What about onions?

Mr. SORBELLO. Well, in the case of onions we are sending them approximately less than half of what they send to us.

Senator D'AMATO. Potatoes?

Mr. SORBELLO. Well, potatoes, as you can see, it is about half a million pounds go to Canada——

Senator D'AMATO. We sell them half a million pounds. How many do they sell New York?

Mr. SORBELLO. 27 million.

Senator D'AMATO. 27 million? Well, I want to tell some of our trade representatives, if they think that is fair trade, then they better examine something. If they think that we are going to just sit still and continue to take this kind of abuse, absolute abuse and destruction, of our farms and our farming system, something is wrong.

I for one am willing to risks being known as a protectionist—which I don't think I am—but I certainly am going to be for fair trade. I just wish I had known this before, some of these startling statistics, that I had known what Mr. Utter says.

I want to see legislatively how that sets up, and make a note to staff, how does Canada do that in terms of requiring that sales be made at an agreed price? Is there a law that does that and then precludes products from coming in by way of consignment?

Now if they do that by way of law—and that is the question to my staff—then I want to know whether or not and where we can do the same thing. I think on the agricultural appropriations bill I am going to start seeking those kinds of amendments, and stop going to the bureaucracy and looking for a whole legislative approach, because they will block us at every turn. We are certainly going to look to see what we can do in that area.

Gentlemen, your testimony has been convincing, the submissions you have made convince me that indeed there exists a problem that is not being addressed and that we had better wake up to. That is important. I look forward to continuing to work with you, your association, our Congressmen who are interested, and also our

State representatives. I thank you for taking of your time and coming here and being part of this hearing. Thank you.

Mr. Sorbello. Thank you, Senator.

Senator D'Amato. We have another panel, our legislators who have taken from their time, who just got out of Albany. They just let you guys go? They kept you in all night?

Mr. McCann. Three days in a row, all night.

Senator D'Amato. We have Assemblyman McCann—Assemblyman, where is your district?

Mr. McCann. Central New York, Senator, Madison County, Otsego and Oneida Counties.

Senator D'Amato. Oh, great counties, a great place. I was just up in Oneida Friday night at a chamber of commerce dinner.

Assemblyman O'Neil, for the record would you tell us where you are from?

Mr. O'Neil. Yes, Senator. I am from St. Lawrence County, which of course borders Canada, and I represented before reapportionment the northern part of Franklin County, which likewise borders that area.

Senator D'Amato. That is a beautiful area of our State.

Assemblyman Larkin.

Mr. Larkin. I represent part of Orange County, Ulster County, and Sullivan County, a great agricultural area and one with an additional problem in poultry and eggs which we will discuss with you after.

Senator D'Amato. You mean we are going to have another hearing on poultry and eggs?

Mr. Larkin. Well, Senator, we are going to ask you at the end of this.

Senator D'Amato. Why don't we start off with Assemblyman McCann?

Mr. McCann. I think Assemblyman O'Neil will make the first statement.

Senator D'Amato. OK. Assemblyman O'Neil.

STATEMENT OF HON. JOHN G. A. O'NEIL, ASSEMBLYMAN, STATE OF NEW YORK

Mr. O'Neil. Senator, if I might first of all in behalf of the New York State Assembly, we certainly thank you for your graciousness in allowing us to testify before you. We feel very strongly about this. Back in April we testified before the House Subcommittee on Trade and Tariffs, and met with Congressman Gibbons at that time.

We are happy to be here today and we thank you. Although we have come from long sessions, it is a pleasure to be with you. Your brother, of course, is my companion in the assembly.

Senator D'Amato. That is my older brother?

Mr. O'Neil. Your older brother.

In addition to St. Lawrence County and Franklin County, Senator, I at one time lived in the black dirt area of Orange County and I feel very closely associated with that. My original home was Saranac Lake, the great potato area of Gabriels and Norman Ridge and all, so it is with statewide interest that we are here.

John McCann, of course, who is on the Agriculture Committee with me, and Bill Larkin, the secretary of our Republican conference in the Assembly, I am very pleased that with the marathon sessions they were able to be here.

If we could, I would like to just go forth very quickly to commend you, certainly, and the members of the subcommittee for examining the impact of the Canadian agricultural imports. It is very strong. We applaud you, Senator D'Amato, for this. I understand the melon situation and the hamburgers that are $5 in Tokyo is quite a strong problem. Senator Pressler should be applauded for waxing strong on the beekeeping industry, too. It is not to be taken lightly. That is an extremely important area. I commend all of you, and Congressman Gilman, of course, for being with us today.

We in the assembly have had actually a joint chamber resolution and a joint party resolution, and we will present that to you at the end, if we might.

To place this testimony in perspective, we would like to indicate that we started back in November 1982, after several pleas had come forth to the assembly with respect to calling attention for assistance, from growers of the various commodities throughout New York State. We began an informal work group.

Bill Larkin, the assemblyman, was very strong in initiating that activity; and joining us, of course, was Assemblyman McCann; our minority leader, Clarence Rapplea; Assemblywoman Toni Rettaliata from Long Island, your home area; and Joe Sawicki from the potato area of Long Island; Richard Coombe from the lower Hudson area; and Ray Chesbro from out in Oswego County. They have been very, very helpful in working on this.

We indicated before Assemblyman McCann and I had testified before the House committee, and we have some interesting perspectives that I would like to share with you from that particular committee hearing as well.

We are, of course, not trade protectionists either by nature or philosophy, but I am rather concerned that we do not want to see a monopoly develop, and particularly a Canadian monopoly which I think would be the end result if we do not do something to alleviate this situation.

When we met with Congressman Gibbons earlier, he of course recognized that we have certain commodities in the North. He, in Florida, had certain commodities which were periled or imperiled by the Mexican market as well.

We tried to point out that although there seemed to be a balance of trade with Canada that was not all that unfavorable, it is unfavorable to New York State when you consider that in the western part of Canada grain is their primary product. They are all too happy to take in potatoes from the Western part of the United States, as well as taking, of course, citrus crops from the South which they cannot grow.

The balance of trade is very positive for them, but in the Northeast where we and Maine and New Hampshire and Vermont have the problems with Canada, according to the charts that you read just some time ago and which Assemblyman McCann will discuss later, we are at a terrific disadvantage. I am afraid we are going to have a monopoly and ultimately cause great price problems, consumer problems as well as producer problems.

We recognize that, of course, the appropriate resolution is not ours. It is really Federal, but we would like to at least try to frame some of the seriousness of the situation and also to offer several recommendations, which Assemblyman Larkin will do at the end of our testimony.

We want to direct this to the dilemma that confronts both the farm families, but also New York State's farm families are not alone. It is an entire region that we feel is affected, and the problem is regional now but it could be national in scope before it goes on.

The resource that we have in New York State we would like to address in particular. You have had figures on these. I am just going to very briefly review some of them for the record.

Our farm families in New York State did produce last year $2.5 billion. That is a tremendous crop. That is a tremendous product in New York State, and food production consequently, likewise accounted for almost a half million jobs in New York State, 435,000 that can be definitely attributed to that area.

When we look at some of the specific commodities and we look at the amount of elements that are grown—potatoes, for instance, over 12 million hundredweight with a market value of $75 million; almost 4 million hundredweight of onions with a market value of $61 million; 4.5 million hundredweight of cabbage with a market value of $21 million; floraculture, which many people have not addressed the problem, $30 million in the floraculture industry in New York State last year—and of course we have carrots, maple syrup, cauliflower, celery, apples and applejuice, and other products that altogether accounted for the $250 million.

Senator D'AMATO. What is apples and applejuice, just for my own information? Do you have a breakdown?

Mr. O'NEIL. I have a letter somewhere here. I do not at the moment have the figures. I think possibly Assemblyman McCann might.

Mr. MCCANN. I do not have it on apples.

Senator D'AMATO. If at some point you could provide us with that, for purposes that even go beyond this hearing, I would be most interested.

Mr. O'NEIL. Very fine. We will get that figure in, too, because that is important in both the lower Hudson area and in the northern section of New York State. In Clinton County they are very strong in apples, and around the Albany area too, for that matter, very strong in production of those products. We will be happy to get that for you, Senator.

Senator D'AMATO. Now we are talking about a $2.5 billion industrial base, agricultural base, in New York. That is just the products, the worth of those products. It does not go into the processing, the canning, or whatever else might be done. Again, 435,000 jobs are associated with the production of agricultural products.

Mr. O'NEIL. Yes, 435,000 jobs, so that is nearly a half million jobs, and we see that being in peril, certainly.

Along with the other figures, Senator, compared to the United States—and I think the ratio analysis is extremely important—we find that in the United States of all fresh vegetables produced we are fourth, and for processed vegetables, sixth. Therefore, there is likewise the canning industry, the processing industry, which is very important, too.

Cabbage, we rank 1st in production and 3d in processing; onions 3d in production nationwide; carrots, we are 8th nationwide; potatoes, 10th; eggs, 14th. We are really a very strong producer nationwide.

At this point I would like to turn the rostrum over to Assemblyman McCann, who is going to talk a little bit about New York having not just cities problems but New York State is, in effect, an agricultural State, one of the greatest agricultural States. I know you recognize that.

We will have Assemblyman McCann.

Senator D'AMATO. Well, I tried to get on the Agriculture Committee. I don't think we ever had a Senator from New York on the Agriculture Committee in at least 100 years, but maybe next time—you know, seniority being what it is—we will have a Senator on the Agriculture Committee.

Mr. LARKIN. We wish you luck.

Mr. MCCANN. We would be happy with that, if we could get it.

STATEMENT OF HON. JOHN W. McCANN, ASSEMBLYMAN, STATE OF NEW YORK

Mr. MCCANN. Just briefly, listening to Assemblyman O'Neil, it certainly should not be concluded that Canada is coming to the rescue of New York State and Northeast consumers. There is no need for massive additional volumes of these commodities.

I am not going to bore you with these numerical statistics, but they refer to the New York City, Buffalo, and Boston markets, and certainly there are many more regional markets that are not addressed by these statistics. However, just to summarize some of these trends of Canadian commodities unloaded in these markets, these three markets, big markets, between 1977 and 1982 the volume of Canadian potatoes increased by 350 percent; cabbage, 2,300 percent; carrots, 254 percent. Now dry onions decreased by 65 percent, but it is believed that the decrease was caused by weather and cropping conditions and may not necessarily reflect the long-range plans of Canada with respect to onions. The volume of Canadian cauliflower increased by 1,200 percent; the volume of Canadian celery increased by 88 percent; the volume of lettuce increased by 570 percent.

Now you asked me about apples. During the calendar year 1982, the quantity of concentrated apple juice imported into the United States was 130 million single-strength gallons, the equivalent of 30.9 million bushels of apples. This is the largest amount ever imported into the United States, according to statistics from the USDA. Five years earlier, Canadian applejuice imports accounted for 26 percent of the total apples processed into applejuice, and in 1982 more than 40 percent of the total United States applejuice was supplied by Canada.

Therefore, you know, the growth impetuses of a vast array of other New York State commodities are also suffering under the weight of this foreign onslaught. It includes radishes, eggs, maple syrup, timber, and ornamental horticulture.

Now these trends are not the result of happenstance. To the credit of the Canadian Government in recent years, policymakers there have implemented progressive programs for the express purpose of expanding and strengthening their agricultural center. Government programs of assistance which are available to Canadian food producers include, but are certainly not limited to, the following: transportation assistance, No. 1. Within certain areas of Canada, up to 50 percent of shipping costs will be reimbursed by the government. This subsidized program brings produce to within a few miles of our shared border.

Second, price support programs: These relate to horticultural products and eliminate much of the market risk which confronts our growers. Storage problems: Up to one-third of the cost of storage facilities, up to an amount of $500,000, is shared by the Government. Cost sharing: Various programs exist to provide cost sharing on fertilization, labor, and interest on loans.

Before I go any further, what bothers me very, very much is that the Canadian Credit Corporation comes down and sells bonds on our market, so to add insult to injury, they are subsidizing their farmers with our money. This bothers me.

Additionally, Canadian producers benefit from a fast-track surtax system which guards the Canadian border against importation of commodities which could threaten the welfare of the Canadian producer. A surtax can be imposed on such commodities within a matter of days if import prices strike a triggering price which is established at the beginning of their growing season.

Beyond all this and more—and this is a big point—the Canadians have a great advantage due to the exchange rate. One American dollar is currently worth about $1.23 in Canadian currency. That means every time an exporter of Canadian goods takes home one American dollar, he is actually taking home $1.23.

These many Canadian advantages go far beyond anything available to farmers in New York State and the Northeast. All of us are aware of various agricultural support programs which benefit American agriculture. What we must recognize is that practically none apply to or directly benefit our horticultural producers.

I am going to turn the rest of the testimony over to Assemblyman Larkin.

STATEMENT OF HON. WILLIAM J. LARKIN, JR., ASSEMBLYMAN, STATE OF NEW YORK

Mr. LARKIN. Thank you, John.

Senator, New York farmers are just like any other farmers in our country. As a matter of fact, we are willing and able to compete fairly with farmers elsewhere. It is our productivity and efficiency which has made our growers the best in the world.

Our farmers, however, are finding themselves competing not just against farmers in Canada but the resources of the Canadian Government. We fully realize that nothing we have stated so far today specifically documents the injury to the farm families of the Northeast. However, I assure you we do have documents based on direct dialog, and that has been further testified to here today by Jim Utter and Mr. Sorbello.

Certainly you are familiar with the provisions of the Tariff Act of 1930 and the Trade Act of 1974, which provide mechanisms that impose stringent requirements regarding the documentation of the injury. However, the development of a petition which demands extraordinary effort and resources is generally beyond this scope.

These laws do provide means for redress by our farm families, but the required process will severely strain their financial and information-gathering resources. As we all know, our farmers are in the business of producing food efficiently and abundantly. They are not in the business of conducting legal and statistical investigations.

Permit us to add that many of our farmers, especially in my area, have lost faith in the promise of GATT. Many hold the view that the United States is about the only country in the world that respects the letter and intent of GATT.

We support the legislation that has been sponsored by Congressman Ben Gilman of our own New York State, which seeks to rectify this imbalance by instituting a surtax which is practically a mirror of what exists in Canada. We solicit your prompt and serious consideration of that legislation.

We must take steps to alleviate the financial burden imposed upon our growers when they seek remedies to unfair trade practices through the petition process provided by our current U.S. law. The potato growers of Maine, as was spelled out so clearly earlier today by Senator Cohen, recently submitted a petition for antidumping that we in New York State have looked at. However, they were confronted with an investment of approximately $200,000. This, I am sure you recognize in our own State, is an impossibility for some of our small farmers.

Thus, we support the legislation being sponsored by Senator Cohen and Congresswoman Snowe to address this issue. Under the legislation that these Federal Representatives have proposed, 100 percent of the first $50,000 and 50 percent of the remaining cost of initiating a petition would be reimbursed from a trust fund. The fund, as we understand it, would be financed by the duties collected under the Tariff Act of 1930.

Finally, we have come here today, Senator, to briefly outline the situation which confronts many farm families of New York State and the Northeast: The short-term effect of unfair import competition, already evidenced, is economic devastation on our farms. This is also a consumer issue as well as a farm issue, for we believe that neither New York State nor the United States as a whole should idly ignore a situation which can lead to an increased dependence on another nation for basic food, as we were in the midseventies for oil from the Mideast.

On behalf of our own colleagues in the State of New York, on a bipartisan basis, we commend you for holding these hearings and appreciate the invitation to testify. We also offer our complete cooperation as you deliberate these matters. Further, we think that it would be most important if, during this summer harvest season, if this subcommittee would come to New York and hold hearings where our farm families can come and give you some more specific statistical data which would be an up front item.

We recognize the fact, Senator, that you have spent many hours and days in our communities back home, and this is not a backhanded slap. This is to tell the truth so that everyone knows that our farmers in our communities—Mr. Utter, who comes from my district—are well aware of the fact of your concern about it, but we would like to see the rest of your committee so that they would recognize the statements that you have made here today are positive. They are the statements that we want to see put into print, and we applaud you for your efforts.

Finally, we recognize the fact that you have been one up-front individual on the egg. Your name is recognized in all the farm communities back home, and we are here to tell you today that they support you, Senator, in your efforts. We would appreciate this being produced into final legislation. On behalf of all of us, you are second to none.

[Material follows:]

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

JOINT TESTIMONY

of

Assemblyman John G.A. O'Neil
Assemblyman William J. Larkin, Jr.
Assemblyman John W. McCann
(Members of the New York State Assembly,
Legislative Office Building
Albany, New York 12248)

before

SUBCOMMITTEE ON THE FAMILY FARM
U.S. Senate Committee On Small Business
Wednesday, June 29, 1983
Russell Senate Office Building
Room 428A
Washington, D.C.

regarding

CANADIAN AGRICULTURAL IMPORTS

Good morning, Ladies and Gentlemen. I am New York State Assemblyman John O'Neil, Ranking Republican Member on the Assembly Agriculture Committee.

Accompanying me to present this joint testimony is Assemblyman John W. McCann, also a Member of the Assembly Agriculture Committee, and Assemblyman William J. Larkin, Jr., whose positions of leadership in the New York State Legislature include Secretary of the Assembly Republican Conference. All three of us represent Districts which are significantly agricultural.

We commend the distinguished Members of the Subcommittee for choosing to examine the impact of Canadian agricultural imports on the family farms of the Northeast. In particular, we applaud and thank Senator D'Amato for his leadership and vision in prompting a focus by the Senate on this matter.

The views which we express today are shared by many of our colleagues in the New York State Legislature. A bipartisan Joint Resolution of the legislature, adopted by the Senate and Assembly last month, addresses this issue and offers specific recommendations to Congress. We include a copy of the Resolution with this testimony as Exhibit A, and request it be entered into the hearing record.

To place our testimony into proper perspective, we have been investigating the issue for several months. Our interest in this subject began in November of 1982 following pleas for attention and assistance from growers of various farm commodities. We have since formed an informal work group within the Assembly Minority which includes five other Members of the Assembly.

Some initial findings and recommendations were offered by Assemblyman McCann and myself on April 14 before a hearing on trade remedy laws held here in Washington by a House Ways and Means Subcommittee.

At the outset, permit us to emphasize that we are not trade protectionists by nature or philosophy. Rather we are here to advocate fairness and equity in our trade relations.

We are convinced that Canadian agricultural policies and Canadian trade practices have combined to place unfair economic and competitive pressures upon producers of several agricultural commodities in the Northeast. We also are deeply concerned with the short-term and long-term ramifications for both our farmers and non-farm consumers should this matter be ignored.

We further recognize that the appropriate resolution of this matter fully rests at the Federal level. Despite profound implications of this issue upon state and regional economies, there is little that we in state government can do beyond framing the seriousness of the situation for Washington decision-makers. We shall also offer recommendations together with our full cooperation and assistance.

Although our comments today will be directed to the dilemma which confronts farm families of New York State, the problem is both regional and national in scope.

Permit us to first briefly describe the resource which is threatened in New York State.

Agriculture and agri-business is the largest industry in the Empire State. Our farm families produced commodities valued at more than $2.5 billion last year. Food production creates employment for approximately 425,000 New York State residents.

With a focus on specific commodities threatened by current Canadian practices, the most recent annual production figures of New York State growers indicate:

1) 12.2 million hundredweight of potatoes with a market value of approximately $75 million;

2) 3.9 million hundredweight of onions with a market value of approximately $61 million;

3) 4.5 million hundredweight of cabbage with a market value of approximately $21 million;

4) Floricultural products with a market value of approximately $30 million; and

5) Carrots, maple syrup, cauliflower and celery with a combined market value of approximately $22 million.

The aforementioned commodities have a combined value at the farm gate of some $210 million.

Even more significant is the immensity of this industry when placed into a national perspective.

New York State is the Nation's fourth largest producer of fresh market vegetables. It is the Nation's sixth largest producer of vegetables for processing. The State ranks first in production of cabbage for fresh market and third for cabbage used in processing. The Empire State is the third largest producer of onions and eight largest producer of carrots for fresh market. We rank tenth among states in potato production and fourteenth in egg production.

Thus, it should not be concluded that Canada is coming to the rescue of New York State and Northeast consumers. There is no need for massive, additional volumes of these commodities.

Yet, witness the trend of agricultural imports from Canada. The statistics outlined below indicate "unloads" of selected Canadian commodities between 1977 and 1982 at markets in New York City, Buffalo and Boston. Certainly these are not the only markets impacted.

ANADIAN UNLOADS
(Pounds by rail and truck combined)

	1977	1978	1979	1980	1981	1982
POTATOES						
NYC	1,500,000	5,700,000	11,100,000	16,900,000	24,400,000	27,600,000
BUFFALO	400,000	100,000	*	100,000	800,000	600,000
BOSTON	9,900,000	15,400,000	11,200,000	15,900,000	16,100,000	24,900,000
CABBAGE						
NYC	*	100,000	*	1,500,000	100,000	600,000
BUFFALO	*	*	*	*	*	*
BOSTON	*	*	900,000	2,200,000	600,000	1,700,000
CARROTS						
NYC	1,800,000	1,700,000	3,800,000	4,100,000	8,700,000	14,200,000
BUFFALO	6,600,000	6,400,000	11,500,000	9,000,000	9,600,000	13,900,000
BOSTON	2,400,000	5,000,000	6,300,000	8,000,000	10,000,000	10,100,000
ONIONS (DRY)						
NYC	500,000	500,000	*	*	700,000	200,000
BUFFALO	100,000	100,000	*	*	100,000	300,000
BOSTON	1,100,000	500,000	100,000	*	400,000	100,000
CAULIFLOWER						
NYC	*	*	*	*	*	100,000
BUFFALO	100,000	*	200,000	200,000	300,000	400,000
BOSTON	*	*	400,000	700,000	800,000	700,000
CELERY						
NYC	*	200,000	300,000	700,000	800,000	600,000
BUFFALO	800,000	1,100,000	1,600,000	1,100,000	1,500,000	2,000,000
BOSTON	*	400,000	300,000	600,000	800,000	700,000
LETTUCE						
NYC	*	200,000	600,000	500,000	*	100,000
BUFFALO	700,000	2,500,000	3,700,000	2,900,000	3,100,000	2,900,000
BOSTON	*	*	100,000	200,000	1,000,000	1,700,000

* - less than 100,000 pounds.
Source: U.S. Department of Agriculture

To summarize import trends of Canadian commodities unloaded in these three markets alone between 1977 and 1982:

-- The volume of Canadian potatoes increased by 350 percent.

-- The volume of Canadian cabbage increased by 2300 percent.

-- The volume of Canadian carrots increased by 254 percent.

-- The volume of Canadian onions (dry) decreased by 65 percent. (It is believed, however, that the decrease was caused by weather and cropping conditions and may not necessarily reflect the long-range plans of Canada with respect to onions.)

-- The volume of Canadian cauliflower increased by 1200 percent.

-- The volume of Canadian celery increased by 88 percent.

-- The volume of Canadian lettuce increased by 570 percent.

These trends are not the result of happenstance. To the credit of the Canadian government, in recent years policy-makers there have implemented progressive programs for the express purpose of expanding and strengthening their agricultural sector.

Government programs of assistance which are available to Canadian food producers include, but are certainly not limited to, the following:

1. Transportation Assistance -- Within certain areas of Canada, up to 50 percent of shipping costs will be reimbursed by the government. This subsidized program brings produce to within a few miles of our shared border.

2. Price Support Programs -- These relate to horticultural products and eliminate much of the market risk which confronts our growers.

3. Storage Programs -- Up to one-third of the cost of storage facilities, up to an amount of $500,000, is shared by the government.

4. Cost Sharing -- Various programs exist to provide cost-sharing on fertilization, labor and interest on loans.

Additionally, Canadian producers benefit from a "fast-track" surtax system which guards the Canadian border against importation of commodities which could threaten the welfare of the Canadian producer. A surtax can be imposed on such commodities within a matter of days if import prices strike a "trigger price" which is established at the beginning of the growing season.

Beyond all this and more, the Canadians have a great advantage due to the exchange rate. One American dollar is currently worth about $1.23 in Canadian currency. That means every time an exporter of Canadian goods takes home one American dollar, he is actually taking home $1.23 Canadian.

These many Canadian advantages go far beyond anything available to farmers in New York State and the Northeast. All of us are aware of various agricultural support programs which benefit American agriculture. What we must recognize, however, is that practically none apply to or directly benefit our horticultural producers.

New York State's farmers, like all American farmers for that matter, are willing and able to compete fairly with farmers elsewhere. It is this productivity and efficiency which has made American agriculture the world's renowned food resource.

Our farmers, however, are finding themselves competing not just against farmers in Canada, but against the resources of the Canadian government.

We fully realize that nothing we have stated so far today specifically documents injury to farm families of the Northeast.

We know of such injury, however, because of direct dialogue and experience with growers on their farms over the past several months.

Certainly you are familiar with provisions of the Tariff Act of 1930 and the Trade Act of 1974 which provide mechanisms and impose stringent requirements regarding the documentation of injury. The development of a petition, which demands extraordinary effort and resources, is surely beyond the scope of our mission at this hearing.

These laws do provide means for redress by our farm families, but the required processes will severely strain their financial and information-gathering resources. As we all know, our farmers are in the business of producing food efficiently and abundantly. They are not in the business of conducting legal and statistical investigations.

Permit us to add that many of our farmers have lost faith in the promises of the General Agreement on Trade and Tariffs (GATT). Many hold the view that the United States is about the only country in the world that respects the letter and intent of GATT.

In conclusion, we respectfully offer the following interim recommendations as we continue our investigations in this area:

1. We believe a comprehensive on-site hearing in New York State -- conducted by this Subcommittee -- would greatly improve the understanding of the extent and depth of this issue.

We urge the convening of a hearing later this summer, to coincide with the harvesting and marketing of the affected commodities. Although several Northeastern states are impacted, we believe the production and marketing characteristics of New York State ideally suit it for the site of such hearing.

2. We urge the Federal Government to commence general trade investigations under the authority of Section 332. of the Tariff Act of 1930. Our farmers do not have adequate resources to conduct the comprehensive studies which are required for effective resolution of the problem.

   A Section 332. study cannot be requested by an individual citizen. The request must come from the President, the Senate Finance Committee, the House Ways and Means Committee, either house of Congress, or from the International Trade Commission.

   We urge you to pursue such a request through the Senate.

3. Our growers desperately need a "fast-track" provision in our trade law similar to that available to Canadian producers. Currently it takes more than a year for growers to move their grievances through our system. Canadians, however, can -- within a matter of days -- secure implementation of a surtax upon presentation of rather modest evidence which suggests that market damage will otherwise occur.

   We support legislation (H.R.3193), sponsored by Congressman Benjamin A. Gilman (R-22nd Dist., N.Y.), which seeks to rectify this imbalance by instituting a surtax system which is practically a mirror image of what exists in Canada. We solicit your prompt and serious consideration of this bill.

4. We must take steps to alleviate the financial burden imposed upon our growers when they seek remedies to unfair trade practices through the petitioning process provided by current law. The potato growers of Maine, who recently submitted a petition for anti-dumping duties, were confronted with an investment of some $200,000. This is an extreme -- if not impossible -- hardship for small individual growers with limited financial resources.

   We support legislation (S.50 and H.R.1269), sponsored by Senator William S. Cohen (R-Maine) and Congresswoman Olympia J. Snow (R-2nd Dist., Maine), respectively, which addresses this problem. Under this proposed legislation, 100 percent of the first $50,000 and 50 percent of the remaining costs of a petition filing would be reimbursed from a Trust Fund. The Fund would be financed by duties collected under the Tariff Act of 1930.

   We urge your thoughtful consideration of this measure.

We have come here today, Mr. Chairman, to briefly outline the situation which confronts many farm families of New York State and the Northeast. The short-term effect of unfair import competition, already evidenced, is economic devastation on our farms. Its long-term effect, however, will not be limited to our farms. This is as much a consumer issue as it is a farm issue. We believe that neither New York State nor the United States as a whole should idly ignore a situation which can ultimately lead to an increased dependence upon another nation for basic food products.

On behalf of our legislative colleagues, we commend you for holding this hearing, and appreciate the invitation to testify. We also offer our complete cooperation as your deliberations into this matter continue and as our own work progresses.

STATE OF NEW YORK

The Legislature
ALBANY

LEGISLATIVE RESOLUTION
Assembly No. 1201

IN ASSEMBLY

By The Committee on Rules (at the request of Members of Assembly O'Neil, Keane, Larkin, Becker, Bennett, Chesbro, Conners, Coombe, D'Andrea, Hawley, McCann, McPhillips, Murphy, Parola, Rettaliata, Sawicki and Vitaliano):

Legislative resolution urging action by the Congress of the United States to assist small businesses with the cost of filing a trade relief petition by allocating revenues collected from countervailing or antidumping duties

Whereas, The Canadian government is providing massive direct and indirect subsidies to Canadian farmers; and

Whereas, The American-Canadian currency exchange rate provides Canadian brokers and farmers with significant advantages in the United States marketplace; and

Whereas, Canadian agricultural policies and Canadian trade practices are placing unfair marketing and economic pressures upon New York State food producers; and

Whereas, New York State farmers are being forced to compete with the resources of the Canadian government; and

Whereas, Canadian growers of various commodities are dramatically increasing their presence in New York State marketing areas; and

Whereas, This situation threatens the long-term viability and stability of New York State agriculture; and

Whereas, Ultimately this situation will adversely impact the interests of New York State's consumers; and

Whereas, New York State should not become dependent upon Canada or any other country for its basic food resources; and

Whereas, Existing United States trade laws provide for the imposition of countervailing or antidumping duties to counteract such unfair trade practices; and

Whereas, The cost, complication and time period associated with the petitioning process render certain current trade laws impractical for our farmers; now, therefore, be it

Resolved, That this Legislative Body pause in its deliberations to urge action by Congress to assist small businesses with the cost of filing a trade relief petition by allocating revenues collected from countervailing or antidumping duties; and be it further

Resolved, That this Legislative Body urge action by Congress to devise a more speedy system of review and approval of petitions for countervailing or antidumping duties in such instances; and be it further

Resolved, That copies of this Resolution, suitably engrossed, be transmitted to Members of New York State's Congressional Delegation.

By order of the Assembly,

Catherine A. Carey

Catherine A. Carey, Clerk

ADOPTED IN ASSEMBLY ON
May 25, 1983

Senator D'Amato. Well, thank you very much for your kind words.

Assemblyman O'Neil, did you have any——

Mr. O'Neil. Yes. I had mentioned earlier, Senator, that when we spoke with Congressman Gibbons quite a while ago, I had the distinct impression that there were forces who, in looking at fair trade, were very much concerned with the fact that there were other products. I was very happy to hear you mention earlier today that we should not sweep this under the rug simply to appease another area, because this is wrong. It is dangerous. It is critical to our survival.

When some were speaking about the fact that possibly there is a fair balance of trade nationally, I brought up the point at that time that root crops are not necessarily absolutely perishable, but they are unique. Our New York farmers, as they are producing them, are not subsidized for storage as the Canadians are. Therefore, they can keep them from one season to the other and by the time they get into the second season, of course, then there is no place for the product that would be grown in the second year, unlike plastics and unlike metals, which can withstand storage a little bit better.

For those reasons I think that, regardless of whatever direction is taken ultimately, those opponents to protectionist types of legislation I think have to be aware that at least with this farm issue, that it is much more critical and that at least that ought to be addressed, if not the entire picture of fair trade and the fast track system.

I, living on the Canadian border, have seen this happen with concrete coming in from Canada in ready-mix trucks. I have seen situations where trucks come into New York State well overloaded. They carry sometimes two and three times the weight that they should, but they come to a station covering only 1 mile or so of New York State highways, and it is rather difficult to apprehend the trucks for violation of transportation. There are certain things that we could possibly do at the State level to tighten up on such items as transportation.

We, of course, would be happy to work to that end but we really need to separate the growing of root crops from the development and production of plastics and other items that can be easily shelved, as opposed to root crops which are ultimately perishable, and I am afraid that the word "perishable" applies to the farmers, the producers, and possibly ultimately to our economy in New York State, and to the pricing structure for the consumers in New York State.

Senator D'Amato. Let me ask you, and any one of you can respond: As a result of the inquiries, what have you discovered are the major problems associated with the filing of petitions for relief under the current law?

Mr. O'Neil. Senator, if I could at least initiate an answer on that, there are probably four primary problems that every one of our producers encounters. The first one, of course, has to do with the time period.

I looked through the provisions of the Tariff Act of 1930 very carefully, and although someone had summarized it for me—a very excellent staff person had looked at it and said it takes as much as

280 days, if you include the time that it takes to do some of the research work to discover that you have been jeopardized or there is injury done to the market. It takes, say, 45 days to possibly 3 months before that can be effected, and the total process—I won't go into all the steps—the total process I think in almost all cases would take nearly 280 days, so the time period is a great problem.

At the same time, as others have mentioned today, the Canadians with their fast-track system can alleviate a problem, not with conclusive proof but only with the suggestion, the strong suggestion that there is injury done to even their pricing, their profit margin. They do not have to absolutely even do the types of proof we have to do.

Senator D'AMATO. Well, that brings me to another point. Again, anyone could comment. Have you found that the statistical requirements and information necessary for documentation of an injury are difficult to obtain?

Mr. LARKIN. Senator, if I may, this is a major problem for all of our growers. As we pointed out before, the problem is the middlemen in here. We are finding that many of the items that the Canadians can document against us are in their best interest. The time, the pricing, the costs, the brokers, all of us are piling into it and we are finding out that we are on the bottom of the pile.

Senator D'AMATO. The information that is necessary to get any assistance from Washington in that category?

Mr. LARKIN. Really, Senator, I think it goes back to something that you said before. I think that there are more stopgaps here. I think that we have people, both in our own State, in our own Commerce Department, and at the Federal level who are always backing off, always into saying that, "Look, if we do this, look what they will do."

As Mr. Utter pointed out in his testimony, we met with representatives of the Department of Commerce of New York, and the first thing that they brought up was a comment that was made more than once here today, that "Hey, look, we sell IBM machines to them." However, Senator, my district is an agricultural district and agriculture is the No. 1 industry in the State of New York. I think it is going to affect not only agriculture, but I think that you will find out from some of the lumber shippers in our district who I know are communicating with you, the problem that they are experiencing in the exchange of lumber coming out.

I think that there are too many people here in Washington, and I say this also in our own State of New York, who are afraid to address the problem for reasons that they will not spell out to us.

Senator D'AMATO. Beyond the matter of the dumping of agricultural commodities by Canada into the Northeast and New York, what other kinds of laws related to such importation are not being enforced?

Mr. MCCANN. Let me address that, Senator, if I may. We have conducted preliminary investigations to determine whether certain U.S. laws regarding product inspection at the border are being enforced, and we have yet to uncover any major instances where laws and regulations are not being implemented. However, should we discover that certain U.S. standards are not being met by Canadian imports, this would represent still one more unfair advantage for Canadian producers. Our inquiries in this area will continue.

As John mentioned, in recent days we have identified instances of excessive weight on the trucks coming in, and we intend to pursue this with our State Police force right away.

Senator D'AMATO. Let me ask you, in regard to the situation of seed potatoes, are there any instances where Canadians send seed potatoes into this country and, instead of them being used to seed, they are then allowed to go not for seed but for consumption? Are you aware of any instances of that?

Mr. MCCANN. Let's see. I am trying to think back into our April testimony. We think there were instances where seed potatoes were sent into Virginia last year, but I cannot document that, Senator. The testimony I have had on it is in Albany, but I will be glad to send you copies of that. There is evidence, I have been assured by staff.

Senator D'AMATO. If you could send us some information in regard to this, so that the record of the committee's hearings will be more complete as it relates to that possible abuse——

Mr. MCCANN. We will mail that to you, Senator.[1]

Senator D'AMATO. Let me ask you, in summary, do you believe that the Canadian agricultural import situation with respect to their subsidization, with their dumping, with their restriction of our agricultural imports as a result of placing a surtax on those imports, is a short-term policy or is it a long-term policy? On what do you base your conclusion?

Mr. LARKIN. Well, given the nature and the degree of the programs recently adopted by the Canadian Government with their subsidies, we can only conclude that this will be a long-range program because the recent information that we have had from the Canadians and the studies that have been shown to us along the border, is that they have increased their subsidization of their silos and of their transportation costs. Therefore, we believe that this is going to be long-range and its impact is going to be heavy on us, especially in New York.

Senator D'AMATO. Gentlemen, let me give you the thanks and the appreciation of this committee for your taking of your time, and particularly since you have just ended a most arduous period of time and were literally held captive in the capitol at Albany while you negotiated some serious State legislative matters and resolved them. I am appreciative of the fact that you then came down immediately, today, and shared your time and your insight in this very important problem.

Although it is a $2.5 billion agricultural industry in New York, it is many times that nationwide. This is not a problem that is one that is indigenous simply to New York or the Northeast, but really has ramifications that go far beyond. This Senator is cognizant of your understanding of this problem.

Let me also suggest that I will pose to the chairman of the committee the possibility of undertaking your suggestion, and that might be possibly holding a number or at least one field subcommittee hearing on this problem back in the State. I would leave it to the three of you to determine the time and the appropriateness of the format and where that might best be conducted, whether it be during the day. A weekday might prove difficult but perhaps it could be a little later in the evening, or whatever.

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[1] Information not available at time of going to press.

Therefore, I will ask our staffs if they might not get together in connection with that. I think people sometimes have a feeling that Washington is so distant and they do not hear some of the great problems that we have. One of the great dangers that we have down here is, we all talk only to each other. We may work hard, we may be very meaningful in our attempts to deal with the problems, but we may miss the significance of the problems as a result of our failure to get out, to see and to hear and to listen to the people who are actually, on a day-to-day basis, affected by these rules and these laws and by Government policies. Therefore, your suggestion is one that I will not take lightly, and possibly I can interest several other members of the Small Business Committee to join with me in those hearings.

Mr. O'NEIL. May I offer one last thing, Senator? The importance of this is so great that the joint houses, both the senate and the assembly, passed individual resolutions. If I might take 1½ minutes to read to you legislative resolution 1201:

> By the Committee of Rules, at the request of Assemblymen O'Neil, Keane, Larkin, Becker, Bennett, Chesbro, Conners, Coombe, D'Andrea, Hawley, McCann, McPhillips, Murphy, Parola, Rettaliata, Sawicki and Vitaliano:

And, incidentally, adopted by a vote of 146 to 0—

> Legislative resolution urging action by the Congress of the United States to assist small business with the cost of filing a trade relief petition by allocating revenues collected from countervailing or antidumping duties.
>
> Whereas, the Canadian Government is providing massive direct and indirect subsidies to Canadian farmers; and
>
> Whereas, the American-Canadian currency exchange rate provides Canadian brokers and farmers with significant advantages in the United States marketplace; and
>
> Whereas, Canadian agricultural policies and Canadian trade practices are placing unfair marketing and economic pressures upon New York State food producers; and
>
> Whereas, New York State farmers are being forced to compete with the resources of the Canadian Government; and
>
> Whereas, Canadian growers of various commodities are dramatically increasing their presence in New York State marketing areas; and
>
> Whereas, this situation threatens the long-term viability and stability of New York State agriculture; and
>
> Whereas, ultimately this situation will adversely impact the interests of New York State's consumers; and
>
> Whereas, New York State should not become dependent upon Canada or any other country for its basic food resources; and
>
> Whereas, the existing United States trade laws provide for the imposition of countervailing or antidumping duties to counteract such unfair trade policies; and
>
> Whereas, the cost, complication, and time period associated with the petitioning process render certain current trade laws impractical for our farmers; now, therefore, be it
>
> Resolved, that this legislative body pause in its deliberations to urge action by Congress to assist small business with the cost of filing a trade relief petition by allocating revenues collected from countervailing or antidumping duties; and be it further
>
> Resolved, that this legislative body urge action by Congress to devise a more speedy system of review and approval of petitions for countervailing or antidumping duties in such instances; and be it further
>
> Resolved that copies of this resolution, suitably engrossed, be transmitted to members of the New York State congressional delegation.
>
> By order of the Assembly, Catherine A. Cary, Clerk.

Sir, we would like at this time to personally present this to you and to thank you for your deep interest.

Senator D'AMATO. Well, thank you very much.

I accept this from you most graciously. Thank you so very much. It is deeply appreciated. I was unaware of the fact that this would take place, and I will see to it that the balance of our New York delegation and the rest of our Representatives, on the Agriculture Committee in particular, get the pertinent parts of not only this but in terms of our transcript, because I think they will have a better understanding. They will also have a better understanding of our great State, because unfortunately they sometimes view New York as being just high-rise apartments and paved asphalt, and they do not think and understand that we are a State with great agricultural diversity, as well as being a State of hamlets and towns and high-rise cities.

I thank you so very much.

This committee stands in recess.

[Whereupon, at 1 p.m., the subcommittee recessed, to reconvene at the call of the Chair.]

IMPACT OF CANADIAN AGRICULTURAL IMPORTS AND ITS EFFECT ON THE SMALL BUSINESS COMMUNITY

FRIDAY, SEPTEMBER 9, 1983

U.S. SENATE,
SUBCOMMITTEE ON SMALL BUSINESS: FAMILY FARM,
COMMITTEE ON SMALL BUSINESS,
Syracuse, N.Y.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 300C, Federal Courthouse, Syracuse, N.Y., Hon. Alfonse M. D'Amato (acting chairman of the subcommittee) presiding.

Present: Senator D'Amato.

STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO. This hearing on agricultural imports from Canada will come to order.

This is the Subcommittee on Small Business: Family Farm that is conducting this hearing. It is a subcommittee of the Small Business Committee, of which I am a member. Senator Pressler happens to be the chairman of this particular subcommittee.

The hearing will focus on a topic of immediate and pressing concern—the plight of Northeastern farmers forced to compete with the subsidized produce of a foreign country. The particular products with which I and the committee are most concerned are the perishables produced by many farmers in the Northeast for distribution within the region. Canadian actions have materially injured farmers both from New York and from many other areas of the Nation. It is my hope that this hearing will underscore the need for swift enactment of legislation that has been introduced in the House of Representatives by Congressman Gilman and that I will be introducing in the Senate this coming Tuesday.

I believe that as a result of the previous hearing I chaired on this matter in Washington and the subsequent investigations we have undertaken, certain facts are now beyond dispute. Central to my concerns is the undeniable reality that we now face a very real threat from across our northern border. The increased importation of perishable produce from Canada has reached staggering proportions. Growers in the Northeastern States have been hard hit by competition from farmers who are subsidized by the Canadian Federal and Provincial treasuries. The rise in Canadian potato imports, for instance, was 300 percent over the last 3 years. These imports are depressing prices at the market and are forcing many of our farmers out of business. It is unconscionable that while our Government has taken action to protect the specialty steel makers, no similar action has been forthcoming to help our farmers.

Vegetable farmers, in particular, often compete with subsidized produce from foreign countries and are, therefore, frequently faced with a flooded market. As a solution to this problem, the legislation which I will be introducing establishes a commodity surtax designed to be imposed only for limited periods, and only when agricultural imports are injuring a specific commodity.

As I said before, the New York State farmer can compete with any farmer. He is willing to do so, but he cannot compete against Canadian farmers and the Canadian treasury. He cannot compete when there is no real competition allowed, when marketplaces are precluded from him.

For example, New York farmers are not allowed to ship their goods to Canada on consignment. Yet, that is not the way the situation works here in this country. We find farmers who produce an overabundance in Canada, ship that surplus down, do not care what moneys they get for it, depress the market, and have a subsidy in terms of that shipment by the Canadian Government.

Therefore, we find a situation where more and more farmers in certain cases do not even bother to harvest the crop. They plow the crops under because there is no market for them, and the cost of transporting to the marketplace will outweigh the return to them. I think it is an area of critical importance to New York, and it is an area of fairness and equity. In the long run the American consumer, as well as the farmer, will pay a heavy price when he loses the ability to compete and there is no market any longer.

It has happened already with the carrot farmer, and we hope that it does not continue.

I am going to ask that the balance of my remarks be included in the record.

[Material follows:]

Economic injury often results when subsidized commodities are imported during periods of heavy U.S. production. Since the declared value of a shipment at the point of entry into the United States is frequently inaccurate, it is necessary to provide, periodically, a temporary surtax on commodities when an increased volume of imports is ruled by the Agriculture Department to have resulted in depressed domestic market prices.

My legislation will require the Agriculture Department to monitor various commodities, including cabbages, carrots, celery, lettuce, red and yellow onions, potatoes, and radishes. However, any fresh vegetable may be added to this list by petitioning the Secretary and securing a declaration that economic injury is being caused or threatened by subsidized imports.

The Agriculture Department will determine, by examining volume and prices, the extent of the economic impact on our domestic growers. Should injury be determined for a particular commodity, a surtax would be put into effect.

There will be times when such a surtax will not be necessary. At other times, however, a surtax can provide the difference that will allow our farms to compete on a more equal footing than is now possible.

The vegetable industry has been suffering severely. The plight of our Northeastern farmers, who must compete with subsidized produce from a foreign country, must not be overlooked. While our farmers receive no governmental assistance, Canadian produce is subsidized in several ways, including low-interest loans to farmers, substantial transportation subsidies, stabilization payments for crop production, and an export promotion program designed to garner a greater share of the produce market in the Northeast.

I believe that this agricultural surtax system is a fair method of insuring that our agricultural economy is eroded no further by imported vegetables and potatoes. Though we cannot control nature and eliminate droughts, floods, and other natural disasters, we can rectify the problem of falling prices caused by deliberate subsidization by competing nations.

During the hearing, testimony will be offered by a representative of the U.S. Department of Commerce. I intend to question him closely with respect to the viability of current methods of redressing the grievances of our farmers. I note, at this time, that a preliminary judgement already has been issued in favor of a countervailing duty petition filed by potato growers. Insofar as the Canadian Government treats its potato farmers in a manner almost identical to its other growers of perishable commodities, I believe that this is a certain indication that the complaints of our vegetable farmers are indeed meritorious. Unfortunately, the cost of pursuing such a petition on a commodity by commodity basis is prohibitive. Therefore, I will seek to ascertain whether any other form of redress is being contemplated by the administration.

After we have heard from the Department of Commerce, three farmers will testify as to precisely what impact Canadian imports are having on their farming operations and those of their neighbors. I believe that it is vitally important that these hearings not be conducted in a vacuum. Only the farmers themselves can truly attest to the true cost of the actions of the Canadian Government and the inactions of our own.

Following this testimony, several New York State Assemblymen who have worked on this problem will offer testimony as to the results of their independent investigations. I commend these gentleman for their untiring devotion to the cause of justice for our farmers. It is the actions of men such as these that will focus the attention of our Government on a problem that has been overlooked for far too long.

Senator D'AMATO. Mr. David Diebold, confidential assistant to the Assistant Secretary of Commerce for Trade Administration, is our first witness today.

Mr. Diebold has been very, very supportive. He understands the problem.

Thank you for being here today, and thank you for your past cooperation in this important matter.

Please proceed.

STATEMENT OF DAVID K. DIEBOLD, CONFIDENTIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. DIEBOLD. Mr. Chairman, it is an honor and a pleasure to appear before the subcommittee to discuss the impact of United States-Canadian trade policies on producers of perishable agricultural commodities in the Northeast. My statement will outline the Department of Commerce's responsibilities to administer the countervailing duty and antidumping law under the Tariff Act of 1930, as amended. I will then discuss what steps we are taking to insure that U.S. producers of perishable agricultural commodities are not being unfairly disadvantaged by Canadian imports.

Before we begin, I would like to add that I am a resident of New York, and I share your concerns for the economic vitality of our region. Family farms are a vital part of the economic and cultural fabric of this country, and we will continue to assist them in determining if they are being injured by unfair trade practices. In fact, we consider such assistance a special obligation. The process of bringing an antidumping or countervailing duty petition and seeing it through to a successful conclusion is not easy for owners of small farms.

United States-Canada trade is the most extensive of any two countries in the world. Much of our economic interdependence with Canada is helpful to us politically and economically. The United States and Canadian Governments must, however, be cautious of how our two-way trade affects our respective border industries. In border trade, there are no geographical barriers that naturally protect domestic industries. In addition, Government policies in support of their exporters have a more immediate impact on bordering countries.

In this regard, we are very concerned by Canada's increasing Government intervention in the economy. For example, Canada is vigorously pursuing policies of export expansion and import substitution. The U.S. Government has discussed these concerns with Canada in high-level bilateral and multilateral talks. Where these talks are not successful, however, we have laws to protect our industries which may be adversely affected if these Canadian policies are translated into unfair trade practices.

Secretary Baldrige and Under Secretary Olmer are committed to the fair and vigorous enforcement of the countervailing duty and antidumping law in particular. In the last few years we have demonstrated that commitment, showing no favoritism for either particular trading partners or U.S. industries.

The International Trade Administration has the responsibility for enforcing the antidumping and countervailing duty laws. Both of these laws can be of significant help to producers of perishable agricultural commodities in the Northeast which are suffering financial harm from increasing Canadian imports.

Under the countervailing duty statute, U.S. producers that believe they are being injured may petition for the assessment of countervailing duties on exports which receive Canadian Government subsidies. If a U.S. producer, particularly a smaller producer with limited resources, has reason to believe that its Canadian competitors have received Provincial or Federal Government assistance, he may call on our Office of Investigations for help in formulating a countervailing duty petition. Using information from the petitioner or relevant subsidy information from our subsidies library, we will advise and assist the producer in his efforts to file a petition in proper form.

If necessary, Office of Investigations personnel will visit the producer or his trade association to clarify the filing requirements and the legal and technical aspects of a countervailing duty investigation. In particular, we apprise the producer or the trade association of the requirement to demonstrate injury before the International Trade Commission, as a negative preliminary ITC determination would terminate the case after 45 days.

Once a producer has filed a countervailing duty petition, it could receive initial relief within 85 days of filing.

What happens at the Commerce Department is as follows:

First, we determine that a petition is in proper form. Second, we formally initiate an investigation and present to the Canadian Government a detailed questionnaire. We design the questionnaire to determine whether or not there is a subsidy and to quantify the value of the subsidies. In general, we would regard any government program or private action which is preferential in nature and which benefits a specific enterprise or industry as a potential subsidy.

Third, provided the ITC preliminarily finds injury, we analyze the information received in response to our questionnaire and within 85 days of filing make a preliminary determination. If we preliminarily determine that subsidies have been conferred, we direct U.S. Customs officials to require either a deposit of estimated countervailing duties or a bond on all entries of the imported Canadian merchandise. Even if we preliminarily determine that subsidies have not been conferred, we continue the investigation.

Fourth, we verify the information received in the Canadian response from source documents, books, and ledgers of the appropriate Canadian Government agencies and Canadian producers and exporters.

We make our final determination within 160 days of receipt of the petition. If a case is determined to be extraordinarily complicated, then an additional 65 days may be added to the investigatory period. If our final determination is affirmative, and the International Trade Commission makes a final affirmative determination of injury, we direct the U.S. Customs Service to collect countervailing duties in the amount of the net subsidy as calculated by us.

Lastly, we review countervailing duty orders annually to determine the exact amount of subsidies conferred and to set accordingly a new duty deposit rate.

Dumping is, of course, sales in the United States of imports at less than their fair value. Antidumping petitions and investigations are handled similarly to countervailing duty cases. Once again we make every effort to assist smaller producers in gathering the data required to file a petition. We obtain import price information from Bureau of Census import statistics. We will also contact U.S. Customs ports of entry for pricing information, if the petitioner has exhausted every means at its disposal of obtaining import prices.

For antidumping investigations, our final determination must be within 75 days of the preliminary determination. If both our final determination and that of the International Trade Commission are affirmative, U.S. Customs officials begin actual collection of antidumping duties.

Now I come to a point which I know is of concern to the Senator: How the U.S. Department of Commerce has assisted American farmers, including New York farmers, with these laws.

Although we have not received many petitions on Canadian agricultural products, we have made every effort to assist those U.S. industries and producers interested in filing petitions. Since 1980, these efforts have included trips to Maine for talks with U.S. potato growers and maple syrup producers and to New York for discussions with the New York State Vegetable Growers Association. ITC personnel participated in several of these trips.

In the case of the Maine potato growers and the New York State vegetable growers, extensive information was developed by the respective associations and in cooperation with the Department of Agriculture. In addition to those instances where we made visits to small producers, there are numerous occasions where by letter or phone conversation we counsel U.S. producers, particularly smaller producers.

On February 9, 1983, we received an antidumping petition concerning fall-harvested, round white potatoes in Canada. We initiated an investigation on February 28, and on March 7 the ITC preliminarily found injury to the U.S. industry. On July 29 the Commerce Department preliminarily found dumping margins by the Canadian exporters ranging up to 41.6 percent, and instructed Customs to suspend liquidation of those imports and impose provisional duties. The Commerce Department will make its final determination by October 17.

In closing, Mr. Chairman, we are very sensitive to the needs of U.S. producers of perishable agricultural commodities. Our doors are always open to provide them with assistance. We stand ready to explore with them, if they wish, what constitutes an unfair trade practice and how an industry petitions for relief. If we identify an unfair trade practice, we will impose the full duty amount required to offset any unfair advantage.

Thank you for the opportunity to testify and for the opportunity to demonstrate our availability here in New York State.

[The prepared statement of Mr. Diebold follows:]

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UNITED STATES-CANADA TRADE

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In this regard, we are very concerned by Canada's increasing government intervention in the economy. For example, Canada is vigorously pursuing policies of export expansion and import substitution. The United States Government has discussed these concerns with Canada in high-level bilateral and multi-lateral talks. Where these talks are not successful, however, we have laws to protect our industries which may be adversely affected if these Canadian policies are translated into unfair trade practices.

DEPARTMENT OF COMMERCE RESPONSIBILITIES TO ADMINISTER THE ANTIDUMPING AND COUNTERVAILING DUTY LAWS

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Although we have not received many petitions on Canadian agricultural products, we have made every effort to assist those U.S. industries and producers interested in filing petitions. Since 1980, these efforts included trips to Maine for talks with U.S. potato growers and maple syrup producers and to New York for discussions with the New York State Vegetable Growers Association. ITC personnel participated in several of these trips. In the case of the Maine potato growers and the New York State vegetable growers, extensive information was developed by the respective associations and in cooperation with the Department of Agriculture. In addition to those instances where we made visits to small producers, there are numerous occasions where by letter or phone conversation, we counsel U.S. producers, particularly smaller producers.

On February 9, 1983 we received an antidumping petition filed by the Maine Potato Council. We initiated an investigation on February 28, and on March 7 the ITC preliminary found injury to the U.S. industry. On July 29 the Commerce Department preliminarily found dumping margins by the Canadian exporters ranging up to 41.6 percent, and instructed Customs to suspend liquidation of those imports and impose provisional duties. The Commerce Department will make its final determination by October 17.

In closing, Mr. Chairman, we are very sensitive to the needs of U.S. producers of perishable agricultural commodities. Our doors are always open to provide them with assistance. We stand ready to explore with them, if they wish, what constitutes, an unfair trade practice and how an industry petitions for relief. If we identify an unfair trade practice, we will impose the full duty amount required to offset any unfair advantage. Thank you for the opportunity to testify.

Senator D'AMATO. Mr. Secretary, thank you for being here.

Let me suggest to you that I think paramount to this whole thing is that this has been an issue that has been raging for years. Due to the legal complexity and the time that it takes to file a petition which precedes this period, and then the 6 months that follow, and finally your determination that, yes, the Canadians were subsidizing up to 41.6 percent, that is the bottom line. The bottom line is that these farmers and these growers were not imagining this. Indeed, your good offices went out, using a very, very difficult, costly, lengthy procedure to ascertain that that which they had seen taking place was true, and that their marketplace was being destroyed, that they were being put out of business.

There is no way that someone can compete if a product sells for 10 cents, and that is what I need to break even or make a small profit, and the competition is selling that for 6 cents. It is just impossible.

I think the fact that you have made this ascertainment, and we are still waiting for a final determination, which will be October 17, and the Canadians can still petition for an extension, underscores the necessity for coming up with legislation that will respond more quickly, to give your Department the ability to come in and make a determination without this incredibly costly and lengthy procedure. Someday we will make an assessment that all the onion farmers and the potato farmers are gone, and it is too late for them. What happens 3 years down the road? This guy is out of business. Yet, we have now found that they were dumping, and at this point in time we are going to charge them *x* number of dollars more, but it is too late. That is the frustration. I know you share it as well.

I am simply suggesting this question: Don't we have to change this legislation so that it can be implemented more quickly, more easily to give protection where the farmers are entitled to it?

You don't believe this legislation works, do you? I am putting you on the spot.

Mr. DIEBOLD. We realize this is a problem, especially for small business and small farmers. It has been estimated that it costs a minimum of $100,000 to bring and complete one of these actions. Certainly, that could be a tremendous impediment.

Why does it cost so much? Well, as you say, the law is fairly detailed, quite specific in terms of what has to be done, what type of information has to be submitted. After the preparation of a satisfactory petition, itself a tremendous job of analysis of foreign and domestic prices, the Department decides to initiate a case.

We must analyze the allegations and prepare detailed questionnaires for foreign companies and producers, and review those responses when they come in. Often additional questions are asked, and additional questionnaires sent out, and, of course, each side—the domestics and the respondants—closely monitor all aspects of the process. For instance, in the Canadian potato case, we presented questionnaires to 62 growers and 9 grower/distributors in Canada, selected by a sampling procedure applied to over 350 growers and grower/distributors subject to the allegations. We then selected 9 growers and 9 grower/distributors for on site verification in Canada after making an extremely complex statistical analysis to ensure that they were representative.

Detailed sales adjustments (shipping, insurance, financing and related costs) in the U.S. and foreign market are made as required by statute. Cost of production allegations require a thorough examination of all component costs. Verification reports are prepared and reviewed. A public hearing is often scheduled, and due process demands that each step in the process is subject to examination and comment by all interested parties.

And then litigation. For instance, we now have 99 cases—current cases or annual reviews—in litigation. Of the 43 of those cases that involve countervailing duty, 58 percent were brought by petitioners and 42 percent by the respondent or foreign interests. In one recent case, the petitioners and the respondents both challenged our determination.

So I would say that the complexity and specificity of the law is a big factor—and that continuing litigation is another factor. Under Secretary Olmer has testified earlier in connection with these laws, that overall simplification of the laws is the best way to reduce the cost and burden of these cases. Other suggestions are the continued assistance provided to smaller firms—or farms—by the Department, and the 332 procedure at the International Trade Commission, to assist in the development of background and statistical information, and market analysis.

With regard to the time period, this is also fixed by statute. And it is my experience that with the present statutory scheme—the detail I have referred to—and also our commitment to due process—it would be most difficult to shorten or change significantly and of the different time deadlines, without affecting the fairness of the proceeding.

And we always have to remember that the essential fairness of our laws is related to the essential fairness of similar laws in other countries that in turn affect our exports overseas. It is an important consideration to keep in mind.

Senator D'Amato. Don't read it all to me.

Mr. Diebold. I could go on.

Senator D'Amato. Don't do it. No, I can't handle it. You will have a couple of guys back here who will probably just jump up and start screaming with frustration.

You said it. It costs $100,000 a case. Here is a little mom and pop farm. Maybe they employ 6, 8, or 10 people. It is a lifetime of work, of sweat, going into building this business. Then, in order to bring a case, they have to spend $100,000 and maybe take 3 years.

What I am saying is that the bottom line is that this law is unworkable. It does not help the small family farmer.

Mr. Diebold. I would say, working fairly closely with it, that in many cases it does work, but we acknowledge the problem for the small farms and for——

Senator D'Amato. Stop. I will take that. I am going to use that testimony on the Senate floor. I am going to use it.

Mr. Diebold, let me ask you this: By the way, this is not adversarial. I commend you for your candor. I understand that we have the laws, but I have a problem here. When we find out that our people are losing jobs, are being forced out of business, and the Canadian Government, indeed, talks about one thing and does another thing, we have an obligation to do something.

I just gave you my overview. However, the people who are there, who are on the line, they are the proprietors. I would like for them to come up. If you would move to one side and let them testify, then we could probably ask you some much more meaningful questions.

These persons are Mr. Vyron Chapman, proprietor of Chapman Farms, and Mr. John Coulter.

Gentlemen, would you come up, please?

Now you are going to hear firsthand what happens to these poor guys and how frustrating it can really be. They have more eloquent testimony than any Senator or any Congressman because they are on the line.

STATEMENT OF JOHN H. COULTER, JR., PRESIDENT, SMITH-COULTER & CO., INC., CHITTENANGO, N.Y.

Mr. Coulter. My name is John Coulter.

Senator D'Amato. How are you, Mr. Coulter?

Mr. Coulter. Fine, thank you, sir.

Senator D'Amato. Haven't we met before?

Mr. Coulter. I think so, yes.

As a farmer, I have been asked to give testimony reflecting my feelings and experiences with Canadian and/or certain provincial policies which ultimately affect the marketing of the produce which we produce.

We are growers and shippers of onions and potatoes, which we produce on organic-type soil referred to as muckland. This soil depletes, oxidizes, wind erodes, and settles over a period of years, leaving us no other choice but to develop new bodies of land on which to produce or purchase the same type of land from others.

Needless to say, this is an extremely expensive prospect, and the reason I tell you this is that we are involved with such a project at this time.

I have three sons that, unless I take this risky step, will be unable to produce competitively in the future. My partners also have sons who depend on the success of this endeavor. My competition in Canada also has these same problems and must experience the same task, the only difference being that they have an extremely supportive and agriculture cognizant group of legislators.

Last March, after one of the most disastrous marketing seasons we have ever experienced in which we sold onions at less than one-half the cost of production, the onion market started to improve. Not for long! As soon as the market moved from $4 per hundredweight to $6 per hundredweight, Canadian onions began to appear in our markets—Philadelphia, New York, Boston, even Miami, and so on. Why not, with an 18-percent exchange rate advantage? Our market immediately dropped back to $5 per hundredweight. I am told by those marketing our product that, had the Canadian onions not come in, our market could have easily approached $12 per hundredweight.

Again this season, within the past 3 weeks, we have a similar situation. The production of onions has been drastically curtailed this season due to the extreme drought and heat conditions. The market for New York State onions floated at a strong $15 per hundredweight until Canadian onions were delivered for $10 and $11 per hundredweight. Within hours, we were forced to sell for $10 per hundredweight.

These same examples may be given over and over again, whether it be for onions, potatoes, carrots, or many other commodities. Carrots are a deficient production crop in New York State; the Canadians have it all. Are the rest of us, producing different commodities, to suffer the same fate as the carrot producer?

Historically, the Canadian farmer had produced for Canada and some European countries, which usually generated an acceptable return for their products. During recent years the situation has changed somewhat, due to the advent of the Common Market, and more recently the influx of moneys escaping Socialist Mitterand France, thence finding investment opportunities in Canada's Quebec Province.

Other factors contributing to hefty production increases in Canada have been:

No. 1, the willingness of Canada's Ministry of Agriculture to promote exports to the United States;

No. 2, subsidized commodities with stabilization payments for poor marketing seasons;

No. 3, low interest loans; and

No. 4, improving storage facilities with outright grants for the construction of new buildings, with a maximum payment per facility of $500,000.

Canadian Agriculture Minister Eugene Whelan recently stated that programs such as these have "increased Canadian self-sufficiency, extended export trade, and created more employment for Canadians." It would appear that they have also created a fair amount of hardship on their southern neighbors.

By nature, many of us cash-crop commodity producers are independent, not wishing to be subsidized or protected, willing to accept our losses in a poor year with an eye toward a more prosperous one the next, and I, for one, do not wish this to change. We do not wish to be regulated and have disquieting thoughts about imposing regulations on Canadians. On the other hand, as I have pointed out previously, cash-crop production in general is very expensive, demanding years of planning and preparation.

Again, I will point out that we do not wish any special privileges, but we would seek that you study our plight with thoughts toward creating a more equitable climate for the producers of your own country. We do need a long-term plan for agriculture. We cannot be turned on and off such as the Federal Reserve manipulates interest rates.

It would seem that the legislators of this country would view its agriculture as one of its finest and most valuable assets for the future, and not let it drift toward disaster, even at the hand of a friendly neighbor.

Thank you.

[The prepared statement of Mr. Coulter follows:]

STATEMENT OF JOHN H. COULTER, JR., PRESIDENT, SMITH-COULTER & CO., INC., CHITTENANGO, N.Y.

Senator D'Amato, Members of the Committee, interested parties, as a farmer I have been asked to give testimony reflecting my feelings and experiences with Canadian and or certain provincial policies which ultimately affect the marketing of the produce which we produce.

We are growers and shippers of onions and potatoes, which we produce on organic type soil referred to as muckland. This soil depletes, oxidizes, wind erodes, settles over a period of years; leaving us no other choice, but to develop new bodies of land on which to produce, or purchase the same type of land from others. Needless to say, this is an extremely expensive prospect, and the reason I tell you this is that we are involved with such a project at this time. I have three sons that, unless I take this risky step, will be unable to produce competitively in the future. My partners also have sons which depend on the success of this endeavor. My competition in Canada also has these same problems and must experience the same tasks; the only difference being, that they have an extremely supportive and agriculture cognizant group of legislators.

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Again this season, within the past three weeks, we have a similar situation. The production of onions has been drastically curtailed this season due to the extreme drought and heat conditions. The market for New York State onions floated at a strong fifteen dollars per cwt. until Canadian onions were delivered for ten and eleven dollars per cwt. Within hours we were forced to sell for ten dollars per cwt. These same examples may be given over and over again whether it be for onions, potatoes, carrots and many other commodities. Carrots are a deficient production crop in New York State; the Canadians have it all. Are the rest of us, producing different commodities, to suffer the same fate as the carrot producer?

Historically, the Canadian farmer had produced for Canada and some European countries, which usually generated an acceptable return for their products. During recent years the situation has changed somewhat, due to the advent of the common market, and more recently the influx of moneys escaping Socialist Mitterand France, thence finding investment opportunities in Canada's Quebec Province. Other factors contributing to hefty production increases in Canada has been: No. 1, the willingness of Canada's Ministry of Agriculture to promote exports to the U.S.: No. 2, subsidize commodities with stabilization payments for poor marketing seasons; No. 3, low interest loans; No. 4, improving storage facilities with outright grants for the construction of new buildings, with a maximum payment per facility of five-hundred thousand dollars.

Canadian Agriculture Minister Eugene Whelan recently stated that programs such as these have "increased Canadian self-sufficiency, extended export trade and created more employment for Canadians." It would appear that they have also created a fair amount of hardship on his Southern neighbors.

By nature many of us cash-crop commodity producers are independent; not wishing to be subsidized, or protected; willing to accept our losses in a poor year with an eye towards a more prosperous one the next, and I, for one, do not wish this to change. We do not wish to be regulated and have disquieting thoughts about imposing regulations on Canadians. On the other hand, as I have pointed out previously, cash crop production in general is very expensive, demanding years of planning and preparation. Again, I will point out that we do not wish any special privileges; but we would seek that you study our plight with thoughts towards creating a more equitable climate for the producers of your own country. We do need a long term plan for agriculture. We can not be turned on and off such as the Federal Reserve manipulates interest rates.

It would seem that the legislators of this country would view its agriculture as one of its finest and most valuable assets for the future, and not let it drift towards disaster even at the hand of a friendly neighbor.

Thank you.

Senator D'AMATO. Thank you very much, Mr. Coulter.

Mr. Chapman, it is good to see you again.

STATEMENT OF VYRON M. CHAPMAN, CHAPMAN FARMS, CASSVILLE, N.Y

Mr. CHAPMAN. My name is Vyron Chapman of Chapman Farms, a potato farmer from Cassville, N.Y., located 15 miles south of Utica, N.Y.

I wish to express my appreciation for the opportunity to testify before this subcommittee, and maybe in some small way I can put a point across as to the damaging effects that the Canadian agriculture imports have on the Northeast farmers and Northern tier States.

The first problem I would like to establish is a rapidly increasing heavily subsidized import of vegetables. I have a sheet giving the import-export ratio of potatoes from 1976 to 1982. Without reading a lot of figures to you, I will submit this with my testimony.

You will find that the increase of potato imports has been rapidly climbing since 1976. In fact, just one figure, based on USDA figures, shows that in just two markets, New York City and Buffalo, we had a 1,384-percent increase in Canadian potato unloads from 1977 to 1982, 500-percent increase on cabbage, 230-percent increase on carrots, and the list goes on and on.

There was an investigation conducted by the International Trade Commission on June 24, 1982, in Boise, Idaho, and June 30, 1982, in Bangor, Maine, at which I testified at the latter, along with 22 other witnesses.

The Commission's findings were, and I quote:

> As indicated above, both United States and Canada have various government programs which relate directly and indirectly to potato production. However, no information or government programs compiled for this investigation seem to unequivocally demonstrate a significant competitive advantage in the Northeast region for either country's producers.

It is inconceivable for one to understand how that Commission came to this conclusion. The subsidies that Canada gets in the form of grants and interest-free loans cover such things as fruit and vegetable storage construction, financial assistance. Producer groups of three or more are eligible for up to one-third of the entire cost of the project but not to exceed $500,000 for any single project.

Advance payments for storage crops, agricultural Canada agreed to pay the interest on loans to producers who, as an association, undertake to market their produce in an orderly marketing scheme through specified purchases and to repay the principal, not the interest, amount of the loan as sales are made.

The list is large and includes crop insurance, Government-backed loans for drainage, irrigation wells, major overhaul of machinery, and so on. One more subsidy which the Canadians enjoy that we do not, which we cannot live with, is this, and I will quote Eugene Whelan, who is the Administrator of Agriculture:

> If the cost-price return is below the cost of production and the crop does not return 90 percent of the last five-year average, a Federal program has been organized to reimburse the grower for his loss.

A few years ago the prairie providences were reimbursed under this program $1.80 per hundredweight. There are 33 subsidies that I am aware of. This is how the Canadian producers are able to sell their vegetables below market value.

Here is a quote from W. H. Richardson, market development specialist and chief organizer of the Ontario Trade Commission for the past 18 years:

> There are more than 130 million Americans within a day's truck haul from Ontario packing houses. Our other export customers are much further away. That is why we will continue to focus our efforts on the United States. We are projecting a doubling of vegetable exports from Ontario to the United States during the next five years.

This was a quote from "The Packers" of July 2, 1983.

The hardship this has caused to the Northeast potato growers is unbelievable. A few short years ago Maine alone grew 150,000 acres of potatoes; this year, 93,000 acres. New York State and other New England States are following a similar pattern while Canada is increasing. This year alone, in 1983, the New England States have in the ground now 19,000 fewer acres, and Canada again has increased. Should we be dependent on Canada or any other foreign country for our food supply? I don't believe the American people would really want this to happen.

I have documented proof, which I am submitting with this testimony, of loss of sales to Canadian firms, and recently I have proof of where I actually bought local carrots for $30 a hundredweight, and a few days after I purchased the same type of carrot from Canada for $18 per hundredweight.

For 3 years in a row my acreage has declined——

Senator D'Amato. Mr. Chapman, give me that again. I think that is interesting.

Mr. Chapman. OK. I have purchased carrots, and the total on the bill of 10 days apart. The only reason they are 10 days apart is because it took me a week to get the bill on this last purchase.

I did this for one reason. I bought carrots from Canada at $9 for a 50-pound bag. That is $18 a hundredweight.

Senator D'AMATO. OK. Then you came to New York?

Mr. CHAPMAN. Then I came to New York and purchased a few—because I did not want to pay the price—25-pound bags at $7.50 each. That would be $30 a hundredweight.

Senator D'AMATO. If you do not mind my drawing a distinction here, we can anticipate what is going to take place for the American consumer once there is no competition left. Once they knock out potatoes or any other kind of thing, it will be like what has taken place with carrots. They sell the carrots in Canada at almost 50 percent less—because there is no competition left here in New York; there are no more carrot producers—than what they will charge in the United States.

We have seen the history. Once they drove their competition out of business—that was the small carrot farmer here in New York—then the American public had no competition from which to choose because the only source became carrots from Canada.

Is that true?

Mr. CHAPMAN. That is true. The Buffalo market is supplied by Canada almost 100 percent today.

Senator D'AMATO. And there are no more carrot producers to speak of here in New York. I think there are five farms left.

Mr. CHAPMAN. There are two commercial growers of relatively large size of which I am aware.

Senator D'AMATO. If that continues, if we do that with potatoes, with onions, with cabbage, and with other produce, then what we are going to have is New York State facing a situation where during particular seasons where we could count on and our marketplaces did turn to those products grown in this part of the country, there will not be any. It will just come in from Canada. There will be no competition, and the consumer is going to pay a lot more.

Mr. CHAPMAN. Absolutely.

Senator D'AMATO. I say that because people say to me, "Senator, isn't it better that we have the produce flowing in from Canada?" Sure, provided that it has the same competitive impact, provided that it is not subsidized by the Government, provided that it is not a deliberate policy to put us out of business so that there will be no competition in the future.

Please proceed. I apologize for the interruption, but I thought that point you made was so salient that I had to stop you there.

Mr. CHAPMAN. In the event that they had a tremendous shortage or a drought-stricken area in Europe or some far-off country and Canada chose to use that market instead of ours, and we were dependent on them, it could be disastrous.

Senator D'AMATO. You point out something else. Were there to develop a shortage, as does take place, given the seasonal problems that we have—the droughts, et cetera—we could find ourselves in a situation where those prices would go up even higher than anyone has possibly contemplated.

Why don't you finish? You were toward the end of your testimony when I interrupted. Then we will have a couple of questions. Then we will ask Mr. Diebold to respond.

This testimony is much more eloquent than any Senator or Congressman can give, what these two gentlemen have been speaking about here.

Please proceed.

Mr. **Chapman**. For 3 years in a row my acreage has declined, our work force has declined. If this lopsided trade agreement we have with Canada is allowed to continue and the dark cloud lingers, I question how many growers will still be in business a year or two from now.

I have three sons who are determined to farm in Cassville, N.Y., but they will never sign a deed on my farm unless or until this dark cloud is taken away.

I plead, for the love of God, gentlemen, help us. We are not asking for any form of subsidy. We want fairness in trade as well as free trade.

Thank you.

[The prepared statement of Mr. Chapman follows:]

Statement of Vyron Chapman

Good morning, my name is Vyron Chapman of Chapman Farms, a potato farmer from Cassville, New York located about 15 miles south of Utica, New York. I wish to express my appreciation for the opportunity to testify before this Committee and maybe in some small way I can put a point across as to the damaging effects that the Canadian agriculture imports have on the Northeast farmers and Northern Tier States.

The first problem I would like to establish is a rapidly increasing heavily subsidized import of vegetables. I have a sheet giving the import-export ratio of potatoes from 1976 to 1982. Without reading a lot of figures to you I will submit this with my testimony. You will find that the increase of potato imports has been rapidly climbing since 1976. In fact just one figure based on U.S.D.A. figures shows that in just two markets, New York City and Buffalo, had a 1,384 percent increase of Canadian potato unloads from 1977 and 1982. Five hundred percent on cabbage, 230 percent on carrots and the list goes on and on. There was an investigation conducted by the International Trade Commission on June 24, 1982 in Boise, Idaho and June 30, 1982 in Bangor, Maine; of which I testified at the latter along with twenty two other witnesses. The Commissions finding were and I quote, "As indicated above both United States and Canada have various Government programs which relate directly and indirectly to potato production. However, no information or Government programs compiled for this investigation seems to unequivocally demonstrate a significant competitive advantage in the Northeast region for either countries producers" end of quote. It is inconceivable for one to understand how that Commission came to this conclusion. The subsidies that Canada gets in the form of grants and interest free loans covers such things as fruit and vegetable storage construction, financial assistance, producer groups of three or more are eligible for up to one-third of the entire cost of the project but not to exceed $500,000 for any single project.

(2) Advance payment for storage crops, Agricultural Canada agreed to pay the interest on loans to producers who as an association, undertake to market their produce in an orderly marketing scheme through specified purchases and to repay the principal, (not interest), amount of the loan as sales are made.

The list is large and includes crop insurance, Government backed loans for drainage, irrigation wells, major overhaul of machinery, etc. And one more than we cannot live with, and I will quote Eugene Whelan, who is the Administrator of Agriculture, "If the cost price return is below the cost of production and the crop does not return 90 percent of the last five year average, a Federal program has been organized to reimburse the grower for his loss." A few years ago the prairie Providences were reimbursed under this program one dollar and eighty cents per hundredweight. There are 33 subsidies that I am aware of. This is how the Canadian producers are able to sell their vegetables below market value.

A quote from W. H. Richardson, Market Development Specialist and Chief Organizer of the Ontario Trade Commission for the past 18 years. "There are more than 130 million Americans within a days truck haul from Ontario packing houses. Our other export customers are much further away. That is why we will continue to focus our efforts on the United States. We are projecting a doubling of vegetable exports from Ontario to the United States during the next five years." (Packers, July 2, 1983).

(3) The hardship this has caused to the Northeast Potato Growers is unbelievable. A few short years ago Maine alone grew 150 thousand acres of potatoes, this year 93,000 acres, New York State and other New England States are following a similar pattern while Canada is increasing. This year alone in 1983 the New England States have in the ground now 19,000 fewer acres and Canada again has increased. Should we be dependent on Canada or any foreign country for our food supply? I don't believe the American people would really want this to happen.

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For three years in a row my acreage has declined, our work force has declined, if this lopsided trade agreement we have with Canada is allowed to continue and the dark cloud linger I question how many growers will still be in business a year or two from now. I have three sons that are determined to farm in Cassville, New York. But they will never sign a deed on my farm unless or until this dark cloud is taken away.

For the love of God Gentleman, help us. We are not asking for any form of subsidy. We want fair trade as well as free trade.

Thank you.

SOURCE: U.S.D.A., Fresh Fruit and Vegetable Unloads, 1977, 1978
1979, 1980, 1981 and 1982.

SUMMARY

1.) From 1977 to 1982, New York State (N.Y.C. & Buffalo) unloads of Canadian potatoes increased approximately 1,384 percent.

2.) From 1977 to 1982, Boston unloads of Canadian potatoes increased approximately 152 percent.

3.) From 1978 to 1982, New York State (N.Y.C. & Buffalo) unloads of Canadian cabbage increased approximately 500 percent.

4.) From 1979 to 1982, Boston unloads of Canadian cabbage increased approximately 89 percent.

5.) From 1977 to 1982, New York State (N.Y.C. & Buffalo) unloads of Canadian carrots increased approximately 235 percent.

6.) From 1977 to 1982, Boston unloads of Canadian carrots increased approximately 321 percent.

7.) From 1977 to 1982, New York State (N.Y.C. & Buffalo) unloads of Canadian onions decreased approximately 17 percent.

8.) From 1977 to 1982, Boston unloads of Canadian onions decreased approximately 91 percent.

CANADIAN AND UNITED STATES' IMPORTS (METRIC TONNES)

FRESH SEED & TABLE

	1976-77		1977-78		1978-79		1979-80		1980-81		1981-82		1982-83	
	CAN	US	CAN	US	CAN	US	CAN	US	CAN	US	CAN	US	CAN	US
JULY	63,815	-	76,697	28	47,993	854	55,920	1,849	34,059	717	55,209	1,077	29,573	20,082
AUGUST	19,730	91	17,013	3	16,914	124	12,201	363	9,407	517	12,810	494	10,273	701
SEPTEMBER	5,215	87	4,007	253	7,858	198	9,383	1,084	2,733	8,024	6,157	3,043	4,321	1,581
OCTOBER	4,943	252	2,091	2,541	4,580	1,701	2,270	3,088	2,834	9,680	4,363	11,335	4,137	7,904
NOVEMBER	3,855	1,522	1,568	4,076	3,758	4,412	2,272	9,700	3,079	13,923	4,800	7,467	3,477	12,459
DECEMBER	3,146	3,176	2,016	9,987	2,582	7,245	5,537	10,905	2,741	14,109	4,338	20,960	3,320	11,303
JANUARY	4,551	4,640	2,406	9,669	4,172	10,417	2,756	7,867	2,833	24,366	2,840	20,163		
FEBRUARY	8,934	3,583	5,357	6,015	4,007	3,997	2,994	5,262	2,301	32,887	3,358	19,018		
MARCH	13,566	6,955	4,120	7,806	5,607	4,855	4,225	7,242	5,324	34,647	7,812	25,473		
APRIL	17,829	12,309	18,534	14,314	12,829	9,507	10,602	11,772	5,703	25,817	12,714	35,156		
MAY	29,901	3,645	25,042	10,748	17,627	9,281	15,693	16,879	17,949	12,397	18,514	35,672		
JUNE	76,350	257	29,461	4,944	39,011	7,275	23,213	3,058	41,250	3,474	26,456	27,490		
TOTAL	251,835	36,517	188,312	70,384	166,938	59,866	147,066	79,069	130,213	100,558	159,120	207,348	55,281	54,030
CANADA/US RATIO	6.9/1		2.68/1		2.79/1		1.86/1		.72/1		.77/1			

[From the Packer, July 2, 1983]

ONTARIO VEGETABLE EXPORTS TO U.S. CLIMB; RUTABAGAS TOP COMMODITY LIST

(By Carl Mrozek)

TORONTO.—Exports of Ontario vegetables and vegetable products to the United States has been climbing steadily for the past decade and reached $60 million in 1982, according to W. H. Richardson, market development specialist for the Ontario Ministry of Agriculture & Food here.

Of this total, $24.5 million was for the fresh market, according to figures prepared by Statistics Canada. This represents a 100-percent increase from $12 million in exports for 1978.

Rutabagas were the largest export commodity in 1982 as well as in 1978. In 1982, rutabaga sales were worth almost $8 million, up 60 percent from $5 million in 1978. The increase in rutabaga sales reflects in increase in market value rather than export tonnage, which was down 6.3-million pounds over the same period, according to Statistics Canada. The New York-New Jersey-Pennsylvania region was the largest importer of rutabagas in 1982, with $2.4 million in sales, representing 30 percent of the total. The Michigan-Ohio area accounted for $1.4 million in sales.

Carrots are the second-largest export commodity from Ontario. They accounted for $5.3 million in fresh sales in 1982, up from $2.9 million in 1978. This increase of more than 80 percent reflects an increase of volume, which jumped about the same percentage during the five-year period. The New York-New Jersey-Pennsylvania region accounted for more than 50 percent of these sales followed by the Michigan-Ohio area.

Potatoes are generally the third-largest export vegetable, depending on market conditions. They accounted for more than $3 million in sales in 1982 according to figures prepared by Statistics Canada. Once again, the lion's share of these went to the New York-New Jersey-Pennsylvania and to the Michigan-Ohio regions, which together accounted for 98 percent of total sales.

Onions also may be exported on a large scale depending on market conditions. They accounted for almost $3 million in sales in 1978 but only $1.3 million in 1982. The bumper crop of onions throughout the Northern United States, as well as in Ontario, created a poor export market for 1982, according to industry sources in the Bradford, Ontario area.

The greatest increase in exports was registered by other non-itemized vegetable exports combined. These included cauliflower, cabbage, celery, beans, lettuce, peppers, cucumbers, etc. (excluding tomatoes). This category accounted for $2.3 million in sales in 1978 and jumped to $6.4 million in 1982, an increase of approximately 180 percent, according to Statistics Canada. A breakdown by commodity within this category was not available.

Overall, the New York-New Jersey-Pennsylvania region is the largest buyer of Ontario vegetables, accounting for almost 40 percent of the $24.5 million 1982 total, according to Philip Regli, market analyst for the Food Processing Branch of the Ontario Ministry of Agriculture & Food. Michigan and Ohio took slightly more than 25 percent of total vegetable exports in 1982. New England received about 7 percent of the total. The ratio of total Ontario exports to each of these regions was comparable in 1978, according to Regli.

While the volume and dollar value of specific Ontario export items fluctuates considerably from year to year, overall sales have climbed at a fairly steady annual rate of 15 percent during the past five years, according to Henry Pauls, export section head for the Market Development Branch of the Ontario Ministry of Agriculture & Food.

"We're projecting a doubling of vegetable exports from Ontario to the U.S. during the next five years as well. The U.S. is our most valued customer, accounting for at least half of our total exports of fresh vegetables." he said. "The 20-percent discount on Canadian currency during the past couple of years has been a boon to exports and gives the U.S. buyer a good value for his dollar," he said.

There has been increased interest by many individual shippers in Canada in increasing exports to the United States. Some, like Armstrong Produce Co., Ltd., and Advance Produce & Trucking Ltd., in Leamington, Ontario and Exeter Produce & Storage Co., Ltd., Exeter, Ontario, not only have added new packing lines to increase their output, but have changed their shipping cartons to conform to U.S. standard units, such as the one and one-ninth bushel.

These and other shippers have added salesmen specifically to concentrate on sales to U.S. markets. Others, such as Bailey River Farms Ltd., Dominion Farm Produce Ltd., The Ontario Produce Co. and Gemini Farms Ltd., in Bradford, Ontario, gradually have been increasing their sales effort in the U.S. marketplace, both in terms of volume and variety. Most of these shippers also have added new cooling facilities to handle increased volume for exports. Some, like Bailey River Farms, have added their own quick-cooling facilities to increase their export capabilities with more perishable items such as leafy greens and cole crops.

The demand for assistance in obtaining shipping label approval has increased at the offices of the export section of the Market Development Branch. According to Pauls, "We collect the information and send it on to our embassy office in Washington, D.C. Approval usually takes three to six months," he explained.

Pauls' office also keeps lists of major U.S. buyers and food brokers, and refers shippers interested in specific U.S. markets to Canadian consulates across the country. "We also inform them of and recommend their attendance at upcoming trade missions and conventions," Pauls said.

The trade missions that the export branch organizes have been an important vehicle for bringing U.S. buyers and Canadian shippers together in major U.S. cities. "We generally organize at least a half dozen trade missions each year. At least half of these are in the United States. That's because the U.S. is our best customer as well as being our best neighbor.

"There are more than 130-million Americans within a day's truck haul from Ontario packinghouses. Our other export customers are much further away. That is why we will continue to focus our efforts on the United States with regard to vegetable exports," explained W. H. Richardson, market development specialist and chief organizer of Ontario trade missions for the past 18 years.

"Remember though, that we still import far more than we export and undoubtedly always will. But, whenever you're short on some item and we're long on it, we will be there to meet your needs as we can count on the U.S. to meet our needs," Richardson said.

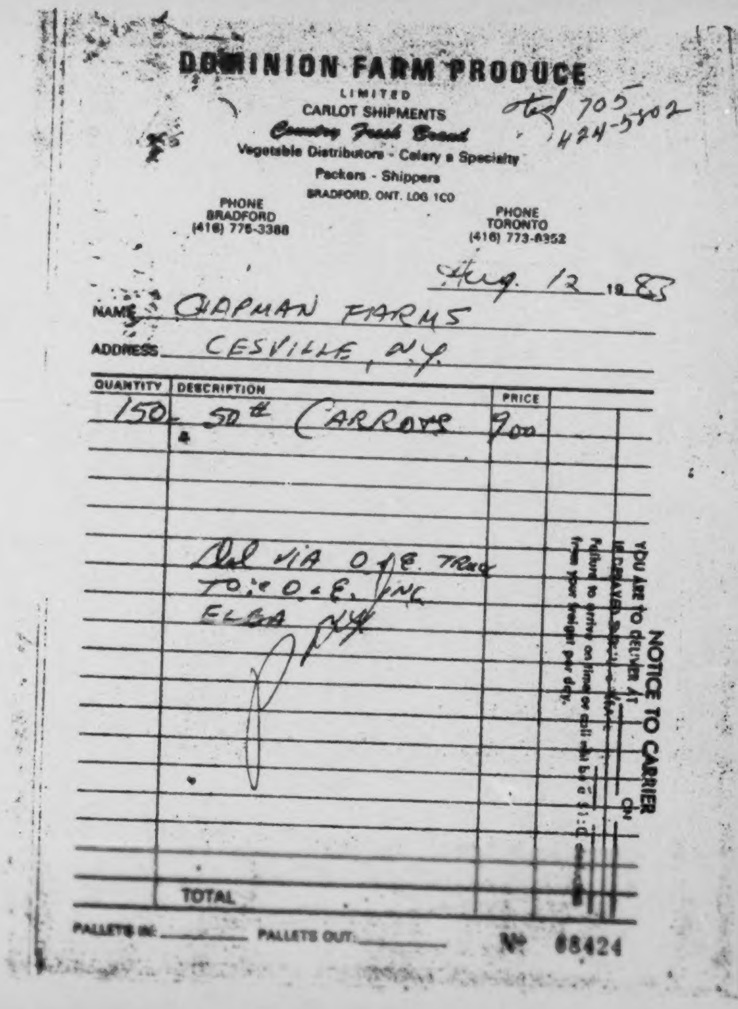
These carrots were purchased only three days apart however the billing date showed up 10 days later because Behlog sent the bill by mail.

Behlog Carrots: 10 25 lb. bags=$30.00 cwt.

Dominion Farms: 150 50 lb. bags=$18.00 cwt.

Needless to say carrots are now selling for $18.00 cwt all over the NYS markets.

Correction: Canada is now selling them for $15.00 cwt as of August 29, 1983.



DOMINION FARM PRODUCE
LIMITED
CARLOT SHIPMENTS
Country Fresh Brand
Vegetable Distributors - Celery a Specialty
Packers - Shippers
BRADFORD, ONT. L0G 1C0

PHONE
BRADFORD
(416) 775-3388

PHONE
TORONTO
(416) 773-8352

Ted 705
424-5802

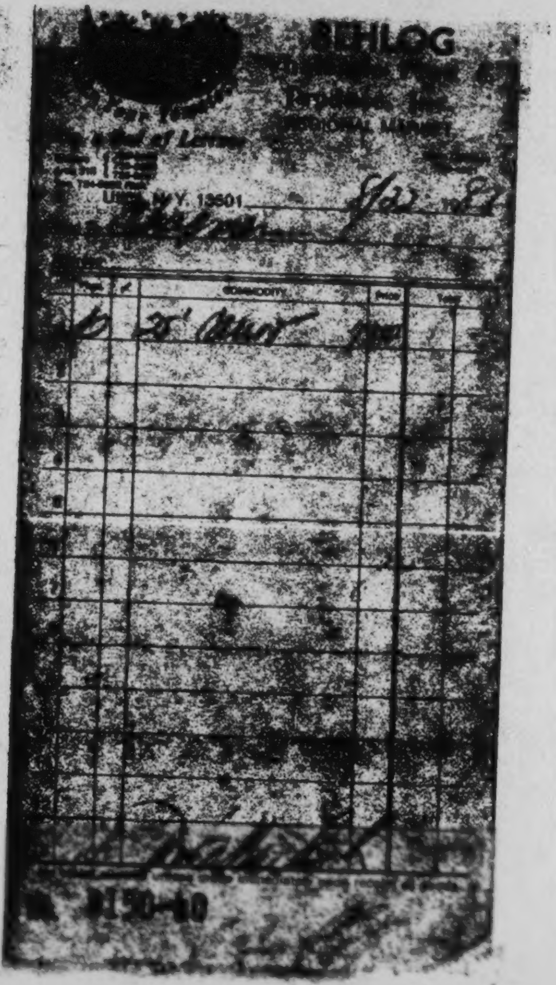
Aug. 12 1983

NAME CHAPMAN FARMS
ADDRESS CESVILLE, N.Y.

QUANTITY	DESCRIPTION	PRICE
150	50# CARROTS	9.00
	Del via O.E. Trans To: O.E. Inc ELBA NY	
	TOTAL	

NOTICE TO CARRIER
YOU ARE TO DELIVER AT ______ ON ______
IF DELAYED SHOULD [illegible]
Failure to arrive on time or call will be a $1.00 deduction from your freight per day.

PALLETS IN: ______ PALLETS OUT: ______ № 08424



BEHLOG

N.Y. 13501 8/22 1983

		COMMODITY		
15		50' Carrots	9.00	

8150-10

We failed to mention in all this literature that this organization, Liberty Enterprises, is a nonprofit organization. It is federally funded, State funded, and County funded and purchasing potatoes from Canada.

Below is a typical invoice from Chapman Farms to Liberty Enterprises. These potatoes are trucked 154 miles round trip and are shipped in crates that hold approximately 1160 number each (weight is stamped on each box on an index card for their own information). Shipping in crates saves them unloading time and a great deal of labor in their plant, (no bags to handle) plus no expense of bags.

The going price on April 2, 1981 was .15 per pound for U.S. No. 1's delivered the 154 miles away. The following day or according to the shipping manifest Ed Wool of Liberty Enterprises called R. K. Beatie Limited R.R. 4 Alliston, Ontario LOMIAO, and asked for a load of potatoes in which the response was yes we can supply you at .13 a pound.

Upon arrival of these potatoes April 6, I was asked to come over to Liberty Enterprises because they informed me they needed no large potatoes (as they call them for regular potatoes) until further notice. This hurt because I have been holding my potatoes, with them shrinking every day, the weather warming up, making it more difficult to keep them. With farming just around the corner, I was trying to make my potatoes stretch through the California and Florida deal because the prices would be so high. It would be very difficult for Liberty Enterprise to keep going. I felt obligated to keep them in as cheap a potato as possible.

I have from November 1, 1980 to April 3, 1981 sold them potatoes worth $153,320.29. I feel that this Canadian load is equilivant to $15.34 in the money exchange, plus trucks .36 cents per gallon cheaper fuel to truck these potatoes and with all the Grants and incentive the Canadian potato growers get from their Government, this grower (R. K. Beattie of Allison Ontario) should have been able to sell that load of potatoes for less than $10.00 and still put more money per hundred weight in his pocket than we could in the U.S. at .15. We feel this is unfair competition from across the border because of the grants and subsidies the Canadian Government gives their growers.

Maybe we in the vegetable business are unimportant to New York State or for a matter of fact the U.S.A. However we are now fourth in the nation, in vegetable production, California, Florida and Texas being the first three in the nation.

Another thing we must remember is the vast land Canada has available for agriculture and with their government behind the farmer building a strong agriculture for a better Canada. We had better move and move fast if our vegetable production in Northeastern United States is to survive as we know it today, because Canada has a strong eye on our markets.

Canada is now shipping more potatoes in the U.S. than we are shipping into Canada and don't forget we sell Canada when they are needed.

Not when they have a surplus such as they do to us. According to Packer, News the Canadian Horticulture Society passed a resolution to place an embargo on all potato imports to Canada if we interfere with the Gatt agreement. I don't blame the Canadian farmers for that, because that whole agreement is in favor of Canada, (lopsided).

However it is a poor threat because where would Canada get their summer potatoes or winter grapefruit, tomatoes, etc.

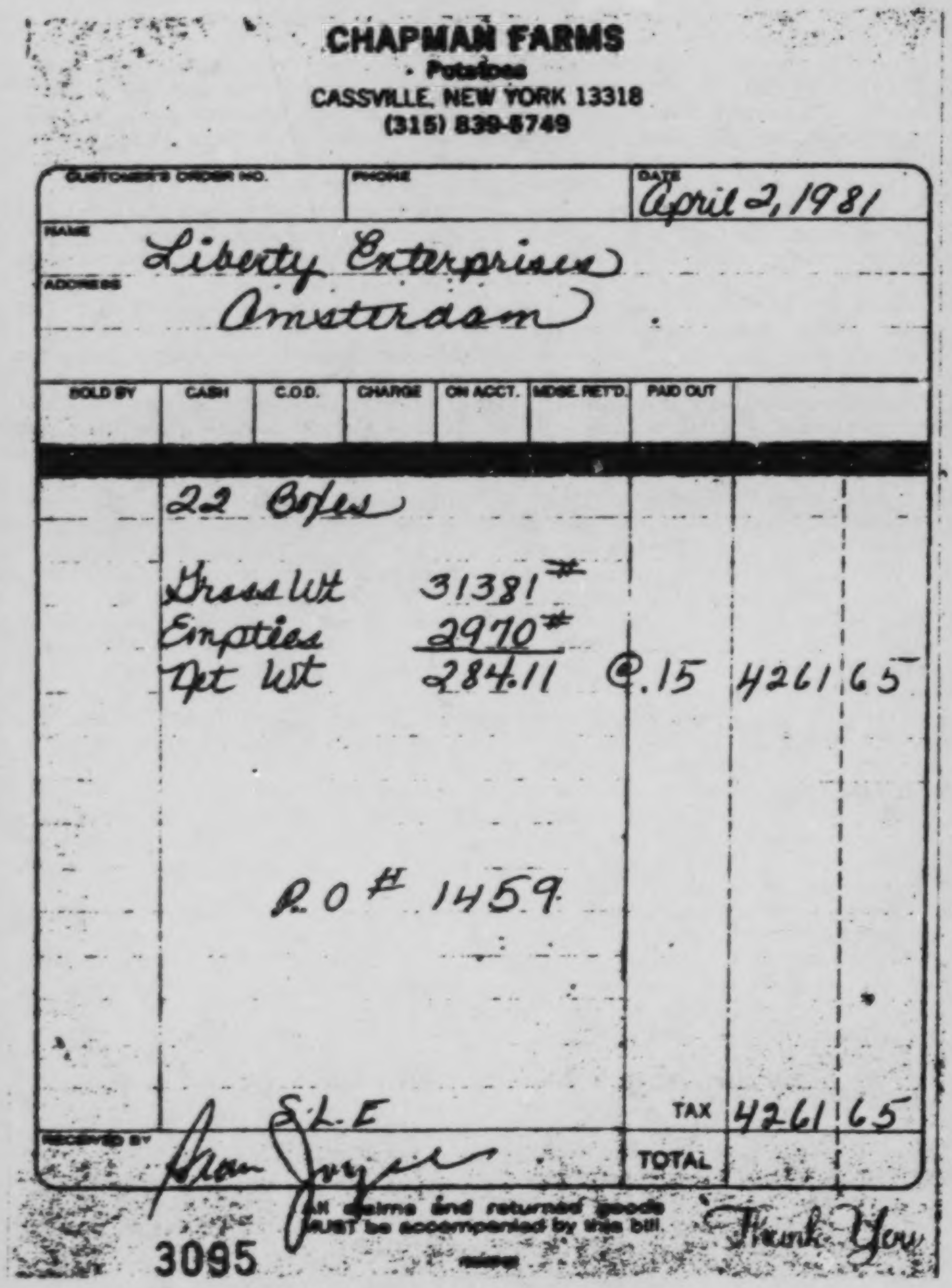
I hope we can if we all pitch in, reverse this threat hopefully we can stir up enough interest in Washington with aid of our Senators to protect the fourth largest vegetable business in the United States.

I do not believe the American people would like to see our Northeast vegetable industry deteriorate in favor of once again being Santa Clause to a foreign country. We must act now before this gets too far out of hand.

Sincerely,

VYRON M. CHAPMAN.

This is a typical invoice from Chapman Farms to Liberty Enterprises of Amsterdam, N.Y. Note the $2.00 per CWT. difference in Canadian price and mine.



CHAPMAN FARMS
• Potatoes
CASSVILLE, NEW YORK 13318
(315) 839-6749

CUSTOMER'S ORDER NO.
PHONE
DATE April 2, 1981
NAME Liberty Enterprises
ADDRESS Amsterdam

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D.	PAID OUT

22 Boxes				
Gross Wt	31381#			
Empties	2970#			
Net Wt	28411	@.15	4261	65
P.O# 1459				
S.L.E		TAX	4261	65
		TOTAL		

RECEIVED BY

All claims and returned goods MUST be accompanied by this bill.

3095

Thank You

This is a notation of all information pertaining to the trucker.

2nd. sheet is purchase order authorizing the order from Liberty Enterprises of Amsterdam, New York

3rd. sheet Proof of weight of load. Note the overload 92220 number max limit in N.Y.S. is 80,000

4th sheet is the shippers manifest.

Trucker Jack Rabbit

W. Gibson Ltd
Alliston Ont.

International Tractor

Que Permit
M-303 639

Plates

ont	ont	Quebec
ET2-510	3145D	L 31609

NY Permit
of some kind

E 5 22 68
HUT
← yellow

Shipper is

Ronnie Baestle
Allison Ontario
800 acre grower

[illegible]

[illegible] COUNTY ASSOCIATION
[illegible] CHILDREN
[illegible] ORDER

PURCHASE ORDER № 1489

SELLER AGREES TO DELIVER THE MATERIAL OR SERVICES SPECIFIED HEREON, IN ACCORDANCE WITH AND SUBJECT TO ALL TERMS AND CONDITIONS HEREWITH AND ON REVERSE SIDE.

[illegible] Ltd.
R.R. 4
[illegible]ton, Ontario L0M1A0

1. LIBERTY ENTERPRISES
2. RESIDENTIAL PROGRAM
3. DAY TREATMENT PROGRAM

REMIT TO: P.O. Box [illegible]
Amsterdam, New York 12010

[illegible] ANY QUESTIONS PERTAINING TO THIS ORDER TO ISSUING LOCATION BELOW.

[illegible] OF ORDER	[illegible]/3/81
CHARGE TO ACCOUNT	LE 617 Pot
SHIP VIA YOUR DELIVERY UNLESS NOTED HERE	
DELIVERY DATE	
TERMS	
TAX EXEMPT NO.	[illegible]

QUANTITY	ITEM CODES AND DESCRIPTION	UNIT PRICE
	85% US No.1's to be delivered to L.E. on 4/6/81	.13/lb.

REQUESTED BY: Ed Wool

NOTE: NO DELIVERIES ACCEPTED AFTER [illegible]

AUTHORIZED BY

VENDOR COPY

EASTERN SCALE
WEIGHT PRINTER

007740 TARE

027060 TARE

34800 TOTAL TARE

Remarks: April 5/81

P.O. #1469

Inspection No: 178900 51

VIA: Gibson #136Y Van #270-39F Wayne Hare

Driver On (✓) Off ( )

By: DA

WEIGHMASTER

№ 8764

R. K. BEATTIE LIMITED

BOX 561 ALLISTON, ONTARIO

Grower: R.K. Beattie Ltd

Address: Alliston, Ont.

Ship To: Liberty Enterprises Amsterdam, N.Y.

Variety: Kennebecs

Out of Field: RKB ( ) Other( )

Location:

Into Storage RKB ( ) Other ( )

Location:

Out of Storage RKB ( ) Other ( )

Location:

WHITE – Grower Receiving
CANARY – Buyer Shipping
GOLDENROD – RKB Shipping
BLUE – Grower Accounting
GREEN – RKB Accounting
PINK – RKB File

EASTERN SCALE
WEIGHT PRINTER

051660 GROSS

040560 GROSS

92,220 TOTAL GROSS

34800 TOTAL TARE

57,420 NET WEIGHT

GROWER CREDIT

Pounds:

Net Weight:

Price: $ Per

VALUE $

PRINTED IN CANADA BY DOMINION BLANK BOOK CO. LTD.

NAME OF CARRIER
W. Gison Transpost Ltd. #136

POINT OF ORIGIN
Alliston, Ontario

SHIPPING DATE
April 6/81

CARRIER'S NO.

CONSIGNEE
Liberty Enterprises

SHIPPER
R. K. Beattie Limited

CONSIGNEE'S STREET ADDRESS

(CARLOAD ONLY - MAIL ADDRESS - NOT FOR PURPOSES OF DELIVERY)

DESTINATION
Amsterdam

PROV./STATE
N.Y.

COUNTY OF

ROUTE
Highway

CAR INITIAL #136

CAR NO. TRAILER NO. CONTAINER NO. #270-39F

PIECES/PACKAGES	DESCRIPTION OF ARTICLES AND SPECIAL MARKS	WEIGHT (SUBJECT TO CORRECTION)	RATE
1 load	BULK FRESH WHITE POTATOES	[illegible]	
	INSPECTION #178900 S1	57,420 lbs.	
	P.O.# 1469		

If charges are to be prepaid, write or stamp here, "to be prepaid".

RECEIVED $ ______ TO APPLY IN PREPAYMENT OF THE CHARGES ON THE PROPERTY DESCRIBED HEREON.

AGENT OR CASHIER

FOR CARRIER'S USE
CHARGES

ADVANCE AND OR BEYOND $
MISC. $
BASIC $
PIECE $
VALUE $
TOTAL $

SHIPPER SHOW AMOUNT OF C.O.D.

C AMOUNT $
O FEE $
D TOTAL $

VALUATION
\$50. OR 50¢ LB. ☐ \$1.00 PER LB. ☐

DECLARED VALUE OF SHIPMENT $

SHIPPER'S NO.

WHERE REQUIRED BY THE TARIFF SHIPPER MUST COMPLETE THE FOLLOWING

TOTAL NUMBER OF PIECES/PACKAGES	DIMENSIONS OF SHIPMENT	TOTAL CUBIC FEET	DIMENSIONAL WEIGHT	TOTAL WEIGHT	NUMBER S.L. PIECES, PACKAGES

SHIPPER
R. K. Beattie Limited
PER

AGENT
Liberty Enterprises
PER

PERMANENT POST OFFICE ADDRESS OF SHIPPER

1

ORIGINAL - NOT NEGOTIABLE (THIS BILL OF LADING-EXPRESS SHIPPING CONTRACT IS TO BE SIGNED BY THE SHIPPER AND CARRIER)

Senator D'AMATO. Let us discuss the question of consignments. That is another incredible problem, isn't it, the area of consignments?

Mr. CHAPMAN. Yes.

Senator D'AMATO. Would you explain, any one of you gentlemen who wishes to comment, what do I mean by this problem?

Mr. COULTER. Assignment is shipment without an FOB and/or a delivered price. It is, as trade talk would be, on the cuff. It is sent to a receiver or a jobber on a market, and he sells it for the account of the farmer to his and the farmer's best advantage, supposedly.

Senator D'AMATO. Now how does this work in terms of consignments of produce from Canada into New York? Is that allowed? In other words, the grower has produce and he sends it down to a wholesaler, who puts it on the market for whatever he can get. He does not have to have any customers at a specific price; isn't that what we are saying?

Mr. COULTER. That is right.

Senator D'AMATO. Whatever the market will pay? He is allowed to do that? Is that right? The Canadian farmer can sell by way of consignment here?

Mr. COULTER. Yes. Generally speaking, these cuff shipments will be of a lower-type quality or borderline-type quality.

Senator D'AMATO. Can you sell your produce on consignment in Canada?

Mr. COULTER. No.

Mr. CHAPMAN. No. It is very difficult.

Senator D'AMATO. You are not allowed to sell it? In other words, if they have that produce, those potatoes, those carrots, in supply, they will not allow you to ship on consignment; is that right?

Mr. CHAPMAN. Absolutely.

Senator D'AMATO. If they do not have any, then you can come in and sell?

Mr. CHAPMAN. They will stop shipments at the border if the time is right.

Senator D'AMATO. Mr. Diebold, therein lies an absolute, total inequity that cannot be justified by any stretch of the imagination.

Do you know what I want? I am really sick and tired of hearing about this business of they are our greatest trading partner. I think with the whole world we have been taken for real chumps. That is my own basic feeling.

To be more specific, I do not want to bar people from trading, but I do not want free trade at our expense. I want fair trade. I want the same rules to apply to our people that apply to others.

I do not mean to be coming down on you, but we are talking for the record. That is all our farmers can speak for.

If they can sell on consignment here any time they want to do so, then we should have the right, our farmers should have the right, to sell on consignment any time they want to do so in Canada. Do you see an objection to that policy? Isn't that fair trade?

Mr. DIEBOLD. I hate to hear these things. I hate to hear the stories that we hear——

Senator D'AMATO. Here are these two gentlemen. You are them; you are working; you are supporting a family; you are paying taxes; you are a good American citizen. You are not saying that the Canadians should not sell here. You are saying, "But give me at least the same protection," you are saying this to your Government, "that the Canadian farmers are getting from their Government. I do not want a subsidy, but they are getting subsidized. I want to be able to sell on their market when I have goods the same way they can sell on my market."

What is so difficult with respect to that contention?

Mr. DIEBOLD. I think we are absolutely committed to fair trade. It is a very difficult problem.

Senator D'AMATO. No. Do you know what it is? It is the Canadian Government which says, "The hell with you. We are going to do this our way. We are going to protect our people," and you guys do not have the gumption to take these on one at a time on these kinds of things and say, "This is unfair."

I am not coming down on you. I am talking about the totality. This has been going on for years, industry after industry, and now we come down to the farming industry. We just lack the intestinal fortitude because we are worried about bigger foreign policy issues, so these guys are going to be sacrificed. They are going to be wiped out.

Unless we get legislation like this which has been designed here, I believe that our farmers here in New York and in the Northeast are going to be wiped out.

What is going to save them?

Mr. COULTER. One other point——

Senator D'AMATO. Go ahead, Mr. Coulter.

Mr. COULTER. One other point that has not been brought out is the difference in the provinces in Canada itself. We have acquaintances and friends in Ontario who are genuinely worried about the effects of the policies of the Quebec government, genuinely worried because it is a much more liberal atmosphere in Quebec than it is in Ontario.

Senator D'AMATO. The hearing today and the testimony of these two gentlemen, and those facts that the Commerce people have developed, really spell out the point that there is an unfairness, an unhealthy situation, that has developed, which is being fostered by the Canadian Government, which is only going to lead in further deterioration to the farming community not only in New York, but in the Northeast, and eventually it will be disastrous to the American consumer.

I want us to have the kind of competition that has made us the great producers, which has made it possible for us to feed not only the American people but also much of the free world that has depended on us at various times and occasions.

I just commend to your attention, Mr. Diebold, our strong feeling in Congress that is developing in connection with this.

I do not want a war with Canada, but I certainly do not want to see the victims continue to be laid out as they have, those victims being first the small farmer and then, second, the American consumer. Maybe that is an overstatement on my part, but I do not think so. I do not think so.

Gentlemen, let me thank you for coming in and let me assure you that Congressman Gilman and I are going to pursue this. I hope that we can get some support from the Commerce Department, so that we can come about with a bill. I am not wed to this particular bill which will place differentials and will give some equity when they are dumping their products in here, which will give some protection, but I am wed to attempting to develop a legislative program that can see that you are given a fair shot and that you do not have the law working against you.

I recognize the big picture, but I am tired of having us recognize it all the time and our allies recognizing it only when it inures to their benefit, and that is really what it comes down to. The Secretary of State would be annoyed if he heard me say that.

Mr. Diebold, thank you for coming to New York and for being particularly attentive to this problem, this issue. Thank you for having extended yourself, your courtesies, and your office. You are to be commended. I thank you for your candor, too.

Mr. DIEBOLD. It has been an honor to be here, and be assured that I will not forget the testimony this morning. Thank you.

Senator D'AMATO. We have another panel: Assemblyman John McCann, Assemblyman Ray Chesbro, Assemblyman John O'Neil, and Assemblyman William Sears.

Gentlemen, first let me state to you that I want to commend you for your active participation not only in this hearing, but in terms of being so knowledgeable and aware of the problems, for coming to Washington on at least one occasion in which you gave eloquent testimony regarding the problems of your constituents as well as those you do not represent directly, who are even outside of your districts. It is refreshing, indeed, to have you take time from your busy schedules, and even your leisure time, to become so deeply involved in this critical issue of such great importance to our State.

If there is anyway that this subcommittee and this Senator can aid you, because you are the experts, you are there and see what is happening on a firsthand basis with the farmers and the farming community, we certainly look forward to continuing to work with you.

Assemblyman McCann, why don't you start off, and then we will hear from the others, Assemblymen Chesbro, O'Neil, and Sears.

Mr. McCANN. Senator, Mr. O'Neil is going to start it off.

Senator D'AMATO. OK.

STATEMENT OF HON. JOHN G. A. O'NEIL, ASSEMBLYMAN, POTSDAM, N.Y.

Mr. O'NEIL. Senator, we thank you very much.

It may seem redundant to welcome you to central New York because New York is yours, but we do welcome you back to central New York. We appreciate very much the fact that you and your very fine staff have an active interest in New York State, and you have demonstrated this morning certainly that you are on top of the issues very, very fully and that you certainly are going to carry the ball for us in Washington. You have indicated to those in Government already that the delay in bureaucracy does not work. It does not solve the problem. We commend you for that.

We wish, also, to send along to our colleague and your older brother, Al, our best felicitations.

Good morning, ladies and gentlemen. I am John O'Neil, ranking Republican member on the Assembly Agriculture Committee. Accompanying me today are Assembly Member Ray Chesbro, to my right; Assemblyman John McCann, to the right of him; and Assemblyman William Sears, all of whom come from districts that are severely impacted by this Canadian agricultural import situation. Of course, it could be from any country in the world, and to that end we certainly wish to have the ultimate preservations guaranteed by law.

We commend the subcommittee for its continuing involvement in this issue, and we applaud you, in particular, Senator D'Amato, for your steadfast concern and your leadership in this area. You have certainly demonstrated that you are the friend of the farmer and are concerned with the carrying on of agriculture in the Northeast and, in fact, in this Nation.

Assembly Minority Leader Clarence Rappleyea joins us, also, in expressing appreciation for your response to our request that we made in Washington on June 29, that a hearing be held in New York State on this subject, and obviously we are here.

Additionally, we appreciate your indication that you will introduce companion legislation to that of House of Representatives Member Gilman with respect to trade laws. We feel very, very heartened by that news. We did not expect anything different.

The views we are about to express are also shared by many of our colleagues in the New York State Legislature. I would like at this moment to indicate for the record that we would like to include their names as people on whose behalf we are presenting this testimony. It was really a group effort: Assemblyman Clarence Rappleyea, our minority leader of the assembly; Assemblyman John Kuhl; Assemblyman Bill Larkin; Assemblyman Steve Hawley; Assemblyman Mike Nozzolio; Assemblywoman Toni Rettaliata; Assemblyman Joseph Sawicki; Assemblyman Frank Talomie; and Assemblyman Richard Wesley, who join us in the presentation of this testimony.

In addition, we want to indicate that a bipartisan joint resolution of the New York State Legislature, which Assemblymen Larkin, McCann, and I presented to you in Washington on the 29th of June, reflects the concern of the entire legislature with this particular matter. It is not limited to two or three people.

Our involvement began with this issue back in November 1982, following pleas for attention and assistance in this matter from farmers throughout this State who grow farm commodities. We formed an informal work group within the assembly minority, and then we proceeded to try to identify both the scope of the problem and, also, some potential solutions.

We offered some initial findings and recommendations on April 14 in Washington before a hearing on the trade remedy laws, which was conducted by a House Ways and Means Subcommittee, chaired by Sam Gibbons of Florida. We later testified, as you indicated before, on June 29 in Washington before the subcommittee which you chaired, Senator.

We recount this history of our involvement simply to indicate our deep disappointment over the lack of meaningful progress to date. Were it not really for the efforts of yourself, Senator, and for Benjamin Gilman, and a few other Members of Congress, we really feel at this point that we would have been spinning our wheels and that nothing would have been done.

However, before we specifically address the Canadian situation, permit us to make one observation which is perhaps fundamental to the overall current predicament of New York State agriculture. We believe it is becoming more clear that agricultural interests in other regions of this Nation, currently and traditionally, receive biased and preferential treatment at the Federal level as compared to the concerns and interests of the farm families of New York State and the Northeast.

This disregard, whether intentional or not, cannot be relegated to any one particular administration or Congress. At this point we believe it is merely more in the public eye certainly because of the calamitous situation which confronts many of the producers of major New York State commodities.

Regarding the dairy situation, for example, we believe that current Federal actions and proposed solutions unfairly impact the dairy farmers of New York State vis-a-vis the dairy farmers of other sections of the country.

Our investigations with respect to the Canadian import situation lead us to believe that here, too, a Federal bias seems to exist against the interest of New York State growers. Certainly we do not want to threaten or tamper with the benefits which accrue to farmers elsewhere in the Nation from their export trade with Canada. It seems to us, however, that support for one portion of our agricultural economy should not require the near total abandonment of another segment of the farm industry.

I think essentially what we are saying is that it is not enough to have a national balance because the national balance could devastate any particular geographic region.

For example, it might be fine that we have an overall balance with Canada. However, the fact that Canada does not grow citrus fruits causes a great impact on areas of this country, geographic areas, that are balancing the import into Canada of citrus fruits by our importing of their root crops.

We find that any particular commodity—for instance, potatoes—has also been shown by the Canadian Government to those who may be investigating it on a national scene that there is a fairly good balance of Canadian and American trade in potatoes. However, in the western part of the United States potatoes seem to be taken into the western part of Canada, where grain is their principal crop. At the same time, though, on the eastern side of the United States it is Canadian potatoes coming in and deluging the potato market in the Northeast of the United States.

When we testified before the House committee, Sam Gibbons from Florida indicated he has a regional problem with citrus fruits coming from Mexico and the Caribbean into Florida. I think we can gain some support from some of the other areas where there are also geographic problems that are particular to that area.

Any logic, for example, that we can forfeit carrot production in New York State, so long as California can produce more carrots, is neither acceptable to our farmers nor to the 128 million consumers who reside within 750 miles of the heart of the Empire State.

We need the help of this subcommittee to carry a message to the relevant decisionmakers in Washington. You, Senator D'Amato, already have publicly articulated the unfairness of the dairy program, and we urge that you continue to demand equitable consideration for all of agriculture. If we lose crop farming in New York State and the crop farmers turn to dairy, we are going to have an even further exacerbated problem in that sense.

Next I would like to turn to Assemblyman Chesbro, who is going to analyze somewhat the extent of the problem with respect to the Canadian import and its growth in the market.

STATEMENT OF HON. RAY CHESBRO, ASSEMBLYMAN, FULTON, N.Y.

Mr. CHESBRO. Senator, permit us to emphasize that we are not trade protectionists by nature or philosophy. It is imperative, however, that trade be fair and equitable.

One should understand the enormity of our potential losses unless something is done quickly to address the Canadian agricultural import situation.

Agriculture and agribusiness is the largest industry in the Empire State. Our farm families produced commodities valued at more than $2.7 billion last year. Food production creates employment for approximately 425,000 New Yorkers.

The farm commodities directly threatened by Canadian imports have a combined value at the farm gate of some $210 million. These products generate more than $1 billion into New York State's economy.

No way can it be concluded that Canada is coming to the rescue of New York State and Northeast consumers.

New York State is the Nation's fourth largest producer of fresh market vegetables. It is the Nation's sixth largest producer of vegetables for processing. The State ranks first in production of cabbage for the fresh market and third for cabbage used in processing. The Empire State is the third largest producer of onions and the eighth largest producer of carrots for fresh market. We rank 10th among States in potato production and 14th in egg production. Our producers also are among the Nation's leaders in production of maple syrup and ornamental horticultural products.

Yet, these and other commodities are flowing from Canada as though there is a giant food vacuum in New York State.

We enter into the hearing record a statistical summary of "unloads" of selected Canadian commodities between 1977 and 1982 at markets in New York City, Buffalo, and Boston.

[Material follows:]

CANADIAN UNLOADS
(Pounds by rail and truck combined)

	1977	1978	1979	1980	1981	1982
			POTATOES			
NYC	1,500,000	5,700,000	11,100,000	16,900,000	24,400,000	27,600,000
BUFFALO	400,000	100,000	*	100,000	800,000	600,000
BOSTON	9,900,000	15,400,000	11,200,000	15,900,000	16,100,000	24,900,000
			CABBAGE			
NYC	*	100,000	*	1,500,000	100,000	600,000
BUFFALO	*	*	*	*	*	*
BOSTON	*	*	900,000	2,200,000	600,000	1,700,000
			CARROTS			
NYC	1,800,000	1,700,000	3,800,000	4,100,000	8,700,000	14,200,000
BUFFALO	6,600,000	6,400,000	11,500,000	9,000,000	9,600,000	13,900,000
BOSTON	2,400,000	5,000,000	6,300,000	8,000,000	10,000,000	10,100,000
			ONIONS (DRY)			
NYC	500,000	500,000	*	*	700,000	200,000
BUFFALO	100,000	100,000	*	*	100,000	300,000
BOSTON	1,100,000	500,000	100,000	*	400,000	100,000
			CAULIFLOWER			
NYC	*	*	*	*	*	100,000
BUFFALO	100,000	*	200,000	200,000	300,000	400,000
BOSTON	*	*	400,000	700,000	800,000	700,000
			CELERY			
NYC	*	200,000	300,000	700,000	800,000	600,000
BUFFALO	800,000	1,100,000	1,600,000	1,100,000	1,500,000	2,000,000
BOSTON	*	400,000	300,000	600,000	800,000	700,000
			LETTUCE			
NYC	*	200,000	600,000	500,000	*	100,000
BUFFALO	700,000	2,500,000	3,700,000	2,900,000	3,100,000	2,900,000
BOSTON	*	*	100,000	200,000	1,000,000	1,700,000

* - less than 100,000 pounds.
Source: U.S. Department of Agriculture

Mr. CHESBRO. Last year imports of potatoes from Canada were close to four times the level of the mid-1970's. Carrot and lettuce imports were two to three times greater, and cabbage and celery imports were up to about tenfold. Substantial increases also can be cited for several other commodities.

Preliminary statistics for the current growing season indicate a substantial increase in volume of imports over the year 1982 for most commodities.

The Agricultural Marketing Service of the USDA reports that for the current growing season, through July 15, 1983, as compared to the same period of last year's growing season.

Canadian imports of cabbage were up to nearly four times the level of last year's season.

Carrots were coming in at twice the rate of last year.

Iceberg lettuce import volume at this point in the season was twice as high this year as in last year.

Onion imports from Canada were 2½ times larger on July 15, 1983, than on July 15, 1982.

Potato and cucumber imports were about 10 percent higher than last year.

Moreover, similar trends can be documented for several other commodities.

Assemblyman Sears.

STATEMENT OF HON. WILLIAM R. SEARS, ASSEMBLYMAN, ROME, N.Y.

Mr. SEARS. Thank you, Ray and Senator.

Clearly, this is not a temporary situation. To the credit of the Canadian Government, in recent years policymakers there have implemented progressive programs for the express purpose of expanding and strengthening their agricultural sector.

Eugene Whelan, Agriculture Minister of Canada, said recently, and I quote:

> The potential productivity of Canadian resources managed by the private sector portends a real value of output of the Canadian agrifood sector in the year 2000, more than double that of 1980.

He said the increased production would incorporate 100,000 new growers and 270,000 new workers into the agricultural sector.

Surely, we cannot criticize the Canadian Government for its progressiveness and foresight. It is exactly this type of commitment to our own farm and food industry that we and our assembly Republican colleagues have been urging and advancing over the last couple of years. As evidence of such, we submit for your review a major 1982 assembly Republican study and blueprint for action entitled, "Farm and Food—Opportunities Forfeited?"

Canadian actions are open for criticism only in the sense that they have forced our farmers to compete directly with the resources of the entire Canadian Government. Its assistance to Canadian food producers includes, but is certainly not limited to, the following:

One, transportation assistance. Within certain areas of Canada, up to 50 percent of shipping costs will be reimbursed by the Government. This subsidized program brings produce to within a few miles of our shared border.

Two, price support programs. These relate to horticultural products and eliminate much of the market risk which confronts our growers.

Three, storage programs. Up to one-third of the cost of storage facilities, up to an amount of $500,000, is shared by the Government.

Four, cost sharing. Various programs exist to provide cost-sharing on fertilization, labor, and interest on loans.

Additionally, Canadian producers benefit from what we call a "fast-track" surtax system which guards the Canadian border against importation of commodities which could threaten the welfare of the Canadian producer. A surtax can be imposed on such commodities within a matter of days if import prices strike a trigger price which is established at the beginning of the growing season.

Beyond all this and more, the Canadians have a great advantage due to the exchange rate. One American dollar is currently worth about $1.23 in Canadian currency. That means every time an exporter of Canadian goods takes home 1 American dollar, he is actually taking home $1.23 Canadian.

These many Canadian advantages go far beyond anything available to farmers in New York State and the whole Northeast, for that matter. All of us are aware of various U.S. agricultural support programs which benefit American agriculture. What we must recognize, however, I believe, is that practically none applies to or directly benefits our horticultural producers.

Mr. O'NEIL. Assemblyman McCann now will add some information on factors that make the problem even worst. Also, he will offer what we feel are some of the solutions that seem practical.

STATEMENT OF HON. JOHN McCANN, ASSEMBLYMAN, CHITTENANGO, N.Y.

Mr. McCANN. Senator, continuing our progressive testimony, as though all of this you have heard isn't enough to undercut and destroy even the most efficient and courageous New York producer, there are still other disadvantages and factors which weigh against them, including:

The growing seasons of Canada and New York State are similar. Thus, the flood of Canadian imports comes at the worst possible time for our growers.

New York State growers ship into Canada only upon contract and establishment of a price with a specific buyer. Canadian growers, on the other hand, frequently ship into the United States on the basis of "consignment." "Consignment" means "dumping," pure and simple. There is no buyer identified beforehand. The produce is shipped into a U.S. terminal market to be sold for whatever a buyer will pay.

Such consignment sales not only directly compete with our produce at the marketplace, but they also deflate market prices in general. The USDA Market News Service daily reports these terminal market prices to the trade industry, and such transactions can easily be translated into unrepresentative market price trends.

You commented earlier on this, and I appreciate that.

Having now cited the nature and degree of the problem, let us ask, "What recourse do our farm families currently have to rectify their situation?"

Certainly you are familiar with provisions of the Tariff Act of 1930 and the Trade Act of 1974, which provide mechanisms and impose stringent requirements regarding the documentation of injury.

These laws—and I know you addressed this previously, but I have to continue—these laws do provide a means for redress by our farm families, but the required processes will severely strain their financial and information-gathering abilities. The development of a petition demands extraordinary effort and resource. As we all know, our farmers are in the business of producing food efficiently and abundantly. They are not in the business of conducting legal and statistical investigations.

At this point in our continuing investigation, we respectfully offer the following recommendations:

One, we urge the Federal Government to commence general trade investigations under the authority of section 332 of the Tariff Act of 1930. Our farmers do not have adequate resources to conduct the comprehensive studies which are required for effective resolution of the problem.

A section 332 study cannot be requested by an individual citizen. The request must come from the President, the Senate Finance Committee, the House Ways and Means Committee, either House of Congress, or from the International Trade Commission. We urge you to pursue such a request through the Senate.

Two, our growers desperately need a fast-track provision in our trade law similar to that available to Canadian producers. Currently it takes more than a year for growers to move their grievances through our system. Canadians, however, can—within a matter of days—secure implementation of a surtax upon presentation of rather modest evidence which suggests that market damage will otherwise occur.

Three, we support legislation—and I am pleased to hear this morning that you are introducing a companion bill in the Senate—sponsored by Congressman Benjamin Gilman to address this problem. We are very happy about that. Again, we support the legislation which seeks to rectify this.

We must take steps to alleviate the financial burden imposed upon our growers when they seek remedies to unfair trade practices through the petitioning process provided by current law. The potato growers of Maine, who earlier this year submitted a petition for antidumping duties, were confronted with an investment of some $200,000. This is an extreme, if not impossible, hardship for small individual growers with limited financial resources.

We support legislation, Senate bill 50 and House bill 1269, sponsored by Senator William Cohen, a Republican from Maine, and Congresswoman Olympia Snowe, a Republican from the Second District of Maine, respectively, which addresses this problem. Under this proposed legislation, 100 percent of the first $50,000 and

50 percent of the remaining costs of a petition filing would be reimbursed from a trust fund. This fund would be financed by duties collected under the Tariff Act of 1930. These countervailing tariffs I know in 1982 amounted to $25 million.

Mr. O'NEIL. Again, Mr. Chairman, we appreciate the opportunity which you have given us today to outline our views and our perceptions regarding this dilemma which confronts both our farm families and the farm families of all the Northeast.

We do firmly believe that it is a consumer issue, as well as it is a farm issue. Neither New York nor the Federal Government should idly ignore a situation which can ultimately lead to an increased dependence upon another nation for our food supply.

Let us possibly conclude on a somewhat positive note, and that is that the International Trade Commission of the U.S. Department of Commerce issued a preliminary ruling in July in favor of the petition submitted by the Maine Potato Council. This does clear the way for a final decision by the U.S. Trade Commission regarding whether, indeed, potatoes from Canada are being sold in the United States at unfairly low prices. It may be 1984 before the final decision is issued. In the meantime, importers will be required to begin posting a bond or cash deposit in the amount of the level of dumping determined by the Department of Commerce.

We do hasten to add, however, that even if the potato growers are ultimately successful, it will resolve only a small portion of a very large overall problem. It was really initiated in 1982. If it takes 2 years to solve it, we can only imagine what happens to the crops over a 2-year period.

We offer to you our complete cooperation as your efforts to resolve this problem continue and as our own work progresses in the area.

We thank you very much. If you have any questions, Senator, we would be very happy to attempt to share what information we do have with you.

[The prepared statement of Mr. O'Neil, Mr. Chesbro, Mr. McCann, and Mr. Sears follow:]

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

JOINT TESTIMONY

of

Assemblyman John G.A. O'Neil
Assemblyman Ray T. Chesbro
Assemblyman John W. McCann
Assemblyman William R. Sears

Legislative Office Building
Albany, New York 12248

before

SUBCOMMITTEE ON THE FAMILY FARM
U.S. Senate Committee On Small Business
Friday, September 9, 1983
James M. Hanley Federal Building
Syracuse, New York

regarding

CANADIAN AGRICULTURAL IMPORTS

Good morning, Ladies and Gentlemen. I am New York State Assemblyman John O'Neil, Ranking Republican Member on the Assembly Agriculture Committee.

Accompanying me to present this joint testimony are Assemblyman Ray T. Chesbro, Assemblyman John W. McCann and Assemblyman William R. Sears. All three represent Assembly Districts which are severely impacted by the Canadian agricultural import situation.

We commend the Subcommittee for its continuing involvement with this issue and we applaud you, in particular, Senator D'Amato, for your steadfast concern and leadership in this area.

Assembly Minority Leader Clarence D. Rappleyea has asked that we express his appreciation for your response to our request of June 29 that a hearing on this subject be held in New York State.

The views which we are about to express are shared by many of our colleagues in the New York State Legislature. In fact, we wish the hearing record to reflect that this specific testimony also is being presented on behalf of Assembly Minority Leader Rappleyea, Assemblyman John R. Kuhl, Assemblyman William J. Larkin, Jr., Assemblyman R. Stephen Hawley, Assemblyman Michael F. Nozzolio, Assemblywoman Toni Rettaliata, Assemblyman Joseph Sawicki, Assemblyman Frank G. Talomie, Sr. and Assemblyman Richard C. Wesley.

In addition, a bipartisan Joint Resolution of the New York State Legislature -- which we personally presented to you in Washington on June 29 -- reflects the concern over this matter of the entire Legislature.

Our involvement with this issue began last November following pleas for attention and assistance from growers of various farm commodities. We formed an informal work group within the Assembly Minority and then proceeded to identify both the scope of the problem along with potential solutions.

We offered some initial findings and recommendations on April 14 before a Washington hearing on trade remedy laws conducted by a House Ways and Means Subcommittee. We later testified before the June 29 hearing in Washington which was conducted by you, Senator D'Amato, and this Subcommittee.

We recount this history of our involvement to indicate our deep disappointment over the lack of meaningful progress to date. Were it not for your efforts, Senator D'Amato, and the work of Congressman Benjamin A. Gilman together with a few other select Members of Congress, we otherwise would have concluded by now that our work has amounted to little more than an exercise of wheel-spinning.

Before we specifically address the Canadian situation, permit us to make one observation which is perhaps fundamental to the overall current predicament of New York State agriculture.

We believe it is becoming more clear that agricultural interests in other regions of this Nation -- currently and traditionally -- receive biased and preferential treatment at the Federal level as compared to the concerns and interests of the farm families of New York State and the Northeast.

This disregard -- whether intentional or not -- cannot be relegated to any one particular Administration or Congress. We believe it is merely more in the public eye at the present time because of calamitous problems which confront the producers of major New York State commodities.

Regarding the dairy situation, for example, we believe that current Federal actions and proposed solutions unfairly impact the dairy farmers of New York State vis-a-vis dairy farmers of other regions.

Our investigations with respect to the Canadian import situation lead us to believe that, here too, a Federal bias exists against the interests of New York growers. Certainly we do not want to threaten or tamper with the benefits which accrue to farmers elsewhere in the Nation from their export trade with Canada. It seems to us, however, that support for one portion of our agricultural economy should not require the near total abandonment of another segment of our farm industry.

Any logic, for example, that we can forfeit carrot production in New York State, so long as California can produce more carrots, is neither acceptable to our farmers nor to the 128 million consumers who reside within 750 miles of the heart of the Empire State.

We need the help of this Subcommittee to carry this message to the relevant decision-makers in Washington. You, Senator D'Amato, already have publicly articulated the unfairness of the dairy program, and we urge that you continue to demand equitable consideration for all of agriculture.

Permit us to emphasize that we are not trade protectionists by nature or philosophy. It is imperative, however, that trade be fair and equitable.

One should understand the enormity of our potential losses unless something is done quickly to address the Canadian agricultural import situation.

Agriculture and agribusiness is the largest industry in the Empire State. Our farm families produced commodities valued at more than $2.7 billion last year. Food production creates employment for approximately 425,000 New Yorkers.

The farm commodities directly threatened by Canadian imports have a combined value at the farm gate of some $210 million. These products generate more than $1 billion into New York State's economy.

No way can it be concluded that Canada is coming to the rescue of New York State and Northeast consumers.

New York State is the Nation's fourth largest producer of fresh market vegetables. It is the Nation's sixth largest producer of vegetables for processing. The State ranks first in production of cabbage for fresh market and third for cabbage used in processing. The Empire State is the third largest producer of onions and eighth largest producer of carrots for fresh market. We rank tenth among states in potato production and fourteenth in egg production. Our producers also are among the Nation's leaders in production of maple syrup and ornamental horticultural products.

Yet, these and other commodities are flowing from Canada as though there is a giant food vacuum in New York State.

We enter into the hearing record a statistical summary of "unloads" of selected Canadian commodities between 1977 and 1982 at markets in New York City, Buffalo and Boston:

Last year, imports of potatoes from Canada were close to four times the level of the mid-1970's. Carrot and lettuce imports were two to three times greater, and cabbage and celery imports were up to about ten-fold. Substantial increases also can be cited for several other commodities.

Preliminary statistics for the current growing season indicate a substantial increase in volume of imports over the year 1982 for most commodities.

The Agricultural Marketing Service of the USDA reports that for the current growing season, through July 15, 1983, as compared to the same period of last year's growing season:

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-- Carrots were coming in at twice the rate of last year;

-- Iceberg lettuce import volume at this point in the season was twice as high this year as in last year;

-- Onion imports from Canada were two and a half times larger on July 15, 1983 than on July 15, 1982;

-- Potato and cucumber imports were about ten percent higher than last year.

Moreover, similar trends can be documented for several other commodities.

Clearly, this is not a temporary situation. To the credit of the Canadian government, in recent years policy-makers there have implemented progressive programs for the express purpose of expanding and strengthening their agricultural sector.

Eugene Whelan, Agriculture Minister of Canada, said recently (and I quote), "The potential productivity of Canadian resources managed by the private sector portends a real value of output of the Canadian agri-food sector in the year 2000, more than double that of 1980." He said the increased production would incorporate 100,000 new growers and 270,000 new workers into the agricultural sector.

Surely we cannot criticize the Canadian government for its progressiveness and foresight. It is exactly this type of commitment to our own farm and food industry that we and our Assembly Republican colleagues have been urging and advancing over the last couple of years. As evidence of such, we submit for your review a major 1982 Assembly Republican study and blueprint for action entitled, "Farm and Food - Opportunities Forfeited?".

Canadian actions are open for criticism only in the sense that they have forced our farmers to compete directly with the resources of the entire Canadian government. Its assistance to Canadian food producers include, but is certainly not limited to, the following:

1. Transportation Assistance -- Within certain areas of Canada, up to 50 percent of shipping costs will be reimbursed by the government. This subsidized program brings produce to within a few miles of our shared border.

2. Price Support Programs -- These relate to horticultural products and eliminate much of the market risk which confronts our growers.

3. Storage Programs -- Up to one-third of the cost of storage facilities, up to an amount of $500,000, is shared by the government.

4. Cost Sharing -- Various programs exist to provide cost-sharing on fertilization, labor and interest on loans.

Additionally, Canadian producers benefit from a "fast-track" surtax system which guards the Canadian border against importation of commodities which could threaten the welfare of the Canadian producer. A surtax can be imposed on such commodities within a matter of days if import prices strike a "trigger price" which is established at the beginning of the growing season.

Beyond all this and more, the Canadians have a great advantage due to the exchange rate. One American dollar is currently worth about $1.23 in Canadian currency. That means every time an exporter of Canadian goods takes home one American dollar, he is actually taking home $1.23 Canadian.

These many Canadian advantages go far beyond anything available to farmers in New York State and the Northeast. All of us are aware of various U.S. agricultural support programs which benefit American agriculture. What we must recognize, however, is that practically none apply to or directly benefit our horticultural producers.

As though all of this isn't enough to undercut and destroy even the most efficient and courageous New York producer, there are still other disadvantages and factors which weigh against them, including:

- The growing seasons of Canada and New York State are similar. Thus, the flood of Canadian imports comes at the worst possible time for our growers.

- New York State growers ship into Canada only upon contract and establishment of a price with a specific buyer. Canadian growers, on the other hand, frequently ship into the United States on the basis of "consignment". "Consignment" means "dumping", pure and simple. There's no buyer identified beforehand. The produce is shipped into a U.S. Terminal Market to be sold for whatever a buyer will pay.

Such consignment sales not only directly compete with our produce at the marketplace, but they also deflate market prices in general. The USDA Market News Service daily reports these Terminal Market prices to the trade industry, and such transactions can easily be translated into unrepresentative market price trends.

Having now cited the nature and degree of the problem, let us ask, "What recourse do our farm families currently have to rectify their situation?"

Certainly you are familiar with provisions of the Tariff Act of 1930 and the Trade Act of 1974, which provide mechanisms and impose stringent requirements regarding the documentation of injury.

These laws do provide a means for redress by our farm families, but the required processes will severely strain their financial and information-gathering abilities. The development of a petition demands extraordinary effort and resource. As we all know, our farmers are in the business of producing food efficiently and abundantly. They are not in the business of conducting legal and statistical investigations.

At this point in our continuing investigation, we respectfully offer the following recommendations:

1. We urge the Federal Government to commence general trade investigations under the authority of Section 332 of the Tariff Act of 1930. Our farmers do not have adequate resources to conduct the comprehensive studies which are required for effective resolution of the problem.

   A Section 332 study cannot be requested by an individual citizen. The request must come from the President, the Senate Finance Committee, the House Ways and Means Committee, either house of Congress, or from the International Trade Commission.

   We urge you to pursue such a request through the Senate.

2. Our growers desperately need a "fast-track" provision in our trade law similar to that available to Canadian producers. Currently it takes more than a year for growers to move their grievances through our system. Canadians, however, can -- within a matter of days -- secure implementation of a surtax upon presentation of rather modest evidence which suggests that market damage will otherwise occur.

3. We support legislation (H.R.3193), sponsored by Congressman Benjamin A. Gilman (R-22nd Dist., N.Y.), which seeks to rectify this imbalance by instituting a surtax system which is practically a mirror image of what exists in Canada. We solicit your prompt and serious consideration of this bill.

4. We must take steps to alleviate the financial burden imposed upon our growers when they seek remedies to unfair trade practices through the petitioning process provided by current law. The potato growers of Maine, who early this year submitted a petition for anti-dumping duties, were confronted with an investment of some $200,000. This is an extreme -- if not impossible -- hardship for small individual growers with limited financial resources.

   We support legislation (S.50 and H.R.1269), sponsored by Senator William S. Cohen (R-Maine) and Congresswoman Olympia Snow (R-2nd Dist., Maine), respectively, which addresses this problem. Under this proposed legislation, 100 percent of the first $50,000 and 50 percent of the remaining costs of a petition filing would be reimbursed from a Trust Fund. The Fund would be financed by duties collected under the Tariff Act of 1930.

Again, Mr. Chairman, we appreciate the opportunity to outline our views and perceptions regarding the dilemma which confronts so many farm families of New York State and the Northeast.

We firmly believe this is as much a consumer issue as it is a farm issue. Neither New York State nor the United States as a whole should idly ignore a situation which can ultimately lead to an increased dependence upon another nation for our food supply.

Let us conclude on a positive note.

The International Trade Commission of the U.S. Department of Commerce issued a preliminary ruling in July in favor of the petition submitted by the Maine Potato Council. This clears the way for a final decision by the U.S. Trade Commission regarding whether, indeed, potatoes from Canada are being sold in the United States at unfairly low prices. It may be 1984 before the final decision is issued. In the meantime, importers will be required to begin posting a bond or cash deposit in the amount of the level of dumping determined by the Department of Commerce.

We hasten to add, however, that even if the potato growers are ultimately successful, it will resolve only a small portion of a very large overall problem.

We offer to you our complete cooperation as your efforts to resolve this problem continue and as our own work progresses.

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

- FARM AND FOOD -

OPPORTUNITIES FORFEITED?

- NEW YORK STATE VS. 49 COMPETITOR STATES -

A statistical analysis of economic, production and manufacturing trends comparing New York State's farm and food industries relative to 49 competitor states from 1970 through 1979 with an emphasis on public policy alternatives.

ASSEMBLY REPUBLICAN
CONFERENCE

Summer '82

TABLE OF CONTENTS

SECTION I - Summary

	Page(s)
MAJOR FINDINGS	1.2-3
RECOMMENDATIONS	1.3-5

SECTION II - Findings

FARM ECONOMIC INDICATORS	2.3-5
COMMODITY TRENDS	2.6-13
FOOD MANUFACTURING TRENDS	2.14-16
DEFINITION AND EXPLANATION OF TERMS	2.17

SECTION III - Tables

ECONOMIC TABLES	1-11
COMMODITY TABLES	12-23

SECTION I

SUMMARY

	Page(s)
MAJOR FINDINGS	1.2-3
FARM ECONOMIC TRENDS	1.2
COMMODITY PRODUCTION TRENDS	1.3
FOOD MANUFACTURING TRENDS	1.3-4
RECOMMENDATIONS	1.3-5
- Food Industry Development Center	1.3
- Regulatory Reform	1.4
- Tax Reform	1.4
- Capital Resources	1.5
- Market Development	1.5
- Public Agencies	1.5

MAJOR FINDINGS

This study reflects less than an enviable record for New York State in nurturing its largest and most basic industry. The enviable records appear to belong to most other states.

FARM ECONOMIC INDICATORS -- DURING THE 1970's.....

1) Forty-three states did better than New York in growth of cash receipts from farm marketings. New York's growth was less than two-thirds of the United States average growth rate.

2) Total gross farm income in New York State grew by a percentage which was 43rd among states.

3) Gross farm income per farm in New York State deteriorated from 26th to 28th among states.

4) New York's per farm net income was 38th among states in rate of growth.

5) Empire State farmers suffered a decline from 23rd among states to 28th among states in per farm net income.

6) New York's per farm net income slipped from 19 percent above the U.S. average to 21 percent below the U.S. average.

7) Farmers in 43 states forfeited a higher percentage of their gross farm income for production expenses than did New York State farmers at the beginning of the decade. By the end of the 1970's, however, New York had moved from 44th to 20th among states in percentage of total gross farm income consumed by production expenses. Moreover, only four states suffered a change which was more drastic than that experienced by New York.

8) At the beginning of the decade, New York was in the enviable position of 44th among states when measured by its farm production expenses as a percentage of cash receipts from farm marketings. By the end of the decade, farm production expenses consumed a significantly greater portion of cash receipts to place New York 24th among states.

9) New York was exceeded by only four states in growth of production expenses as a percentage of total cash receipts.

10) Taxes levied on New York farm real estate on a per-acre basis rose by a larger percentage than any other state.

11) New York deteriorated from 12th to 7th among states in highest taxes per acre of farm real estate.

12) When farm real estate taxes are measured per $100 of full value, no state surpassed New York in percentage of increase. Moreover, New York ranked first among states at the end of the decade.

13) Only four states had higher real estate taxes as a percentage of total gross farm income at the end of the decade.

14) Our farmers' debts as a percentage of assets increased at a pace faster than 44 states and was higher than 46 states at the end of the decade.

15) This study does not include a factoring of the income tax burden among states. If it had, New York State's relative position obviously would be much worse than indicated.

PRODUCTION OF COMMODITIES -- DURING THE 1970's.....

1) New York State production of seven commodities decreased, as nationwide production and consumption of those items increased.

2) New York's production of an additional six commodities declined, as nationwide consumption decreased.

3) New York increased output of 15 commodities, but our percentage rate of increase in production for nine of those items significantly lagged behind the U.S. rate of increase.

4) New York's combined production of eleven commodities, which together once ranked our state fourth in the Nation in fresh market vegetables, increased by less than 12 percent during the decade. U.S. production of those items rose by more than 21 percent.

5) New York's combined production of five principal fruit crops increased by less than eight percent, while the U.S. output climbed by 30 percent.

6) Overall, and particularly when compared to the United States as a whole, New York has forfeited production of several commodities to other states.

FOOD MANUFACTURING -- BETWEEN 1974 and 1979.....

New York State lost 16.4 percent of its food manufacturing plants and 7.9 percent of its food manufacturing workforce.

RECOMMENDED ACTIONS TO STIMULATE OUR FARM AND FOOD INDUSTRY

A strong and deliberate statewide focus on the challenges and opportunities which confront our food industry is long overdue.

The following actions are among many which can be undertaken to strengthen and stimulate our farm and food industry.

CREATION OF A FOOD INDUSTRY DEVELOPMENT CENTER

Immediate consideration should be given to the establishment of a New York State Food Industry Development Center.

The Center would:

1) Conduct a comprehensive study of New York's production, manufacturing, wholesaling and retailing sectors for the purpose of identifying opportunities for mutual cooperation and growth.

2) Bring together the components of the state's food system for the purpose of strengthening harmony and commerce.

3) Assist New York-based farm and food businesses to help them better cope with regulation and paperwork during efforts to expand or develop enterprises.

4) Study food consumption patterns of New York residents and explore alternatives for closer linkage between the state's food industry and consumers.

5) Conduct or commission research on specific food industry subjects as requested and funded.

6) Gather and publish information which reflects trends, initiatives and advancements of food industries of other states.

7) Function as a clearinghouse and coordination center for farmers near retirement and young farmers who may wish to enter into work or operational agreements for the purpose of continuing a given farm operation.

The Center should be created with an eye toward maximizing controlling interest by the private sector, while minimizing direction and authority by state government.

COMPREHENSIVE REGULATORY REVIEW AND REFORM

The State of New York should undertake immediate review and reform where appropriate, of governmental rules and regulations which serve no useful public purpose, and which destroy the competitiveness of our farm and food industry among states.

This review should include direct solicitation of evidence of excessive regulation from individual farm and food industry businesses and from other affiliated interests.

The Assembly should enact A.4289/S.3336, which passed the Senate in 1981 and 1982, to mandate comprehensive regulatory review and reform for agriculture.

TAX REFORM

The State of New York must reassess its sales and income tax policies as they affect our farm and food industry. Actions should include:

- Enactment of legislation to conform fully New York's estate tax law with recent changes in federal law.

- Enactment of the Competitive Tax Act of 1982 to provide individuals and businesses with income tax relief.

- Enactment of legislation to expand the sales tax exemption on services and materials used in the installation, expansion, maintenance and repair of real property used or consumed in agricultural production.

- Study possible tax incentives for the development or expansion of farmers' markets in the central business district of cities, towns and villages.

- Study possible investment tax credits for on-farm installation of methane-generating facilities and animal waste disposal systems to meet environmental regulations.

CAPITAL RESOURCES FOR FOOD INDUSTRY EXPANSION AND ADAPTATION

Portions of New York's farm and food industry suffer a natural disadvantage due to the length of our growing season vis-a-vis that of other states.

In several states where growing seasons are similar to New York's, however, food industries skillfully have reduced their disadvantage. By investing in technology and systems, such as aseptic storage, industrial and cooperative enterprises have secured year-around markets for seasonal commodities used for processing.

Creative programs of finance should be developed for food businesses and agricultural cooperatives. Increased availability of capital should serve both expansion and adaptation by our food industry.

There also should be an investigation of whether or not there are sufficient sources of short and long term capital loans for farmers.

MARKET DEVELOPMENT

The Department of Agriculture and Markets should be reorganized to create a Division of Market Development. In cooperation with our farm and food industry, this unit would explore, identify and develop domestic and foreign markets for New York State commodities.

PURCHASE OF NEW YORK COMMODITIES BY PUBLIC AGENCIES

A more aggressive course should be pursued in facilitating greater purchase of New York grown and processed commodities by public agencies and facilities. An employee of the Department of Agriculture and Markets should function in the Office of General Services.

Bidding procedures, accounting and payment schedules should be reviewed and streamlined to accomodate better New York State farm and food businesses.

SECTION II

STATISTICAL SUMMARY

TABLE OF CONTENTS

	Page(s)
INTRODUCTION	2.2
ECONOMIC INDICATORS OF THE FARM SECTOR	2.3-5
- Cash Receipts From Farm Marketings	2.3
- Total Gross Farm Income	2.3
- Per Farm Gross Income	2.3
- Per Farm Net Income	2.4
- Farm Production Expenses (as % of cash receipts)	2.4
- Farm Production Expenses (as % of gross farm income)	2.4
- Taxes Levied On Farm Property	2.5
- Farm Debt-To-Asset Ratio	2.5
PRODUCTION AND CONSUMPTION TRENDS (for selected commodities)	2.6-13
- Foreword	2.6
- Milk	2.7
- Butter	2.7
- Cheese	2.7
- Eggs	2.8
Fresh Market	2.8-10
- Carrots	2.8
- Cauliflower	2.8-9
- Celery	2.9
- Cucumbers	2.9
- Lettuce	2.9
- Snap Beans	2.9
- Strawberries	2.9
- Sweet Corn	2.10
- Tomatoes	2.10
- Cabbage	2.10
- Onions	2.10
Processing	2.10-11
- Beets	2.11
- Cabbage	2.11
- Green Peas	2.11
- Snap Beans	2.11
- Sweet Corn	2.11
Fresh and Processing	2.12-13
- Apples	2.12
- Grapes	2.12
- Pears	2.12
- Sweet Cherries	2.12
- Tart Cherries	2.13
- Potatoes	2.13
- Dry Beans	2.13
- Corn For Grain	2.13
FOOD MANUFACTURING TRENDS	2.14-16
DEFINITION AND EXPLANATION OF FARM ECONOMIC INDICATORS	2.17

SECTION II

INTRODUCTION

It is always difficult to draw substantive conclusions from "averaged" statistics. In the case of agriculture, it is even more difficult to make year-to-year comparisons, since farming is among the most volatile of industries.

Once having recognized this, however, an economic analysis of our farm sector is less tenuous when all fifty states are compared with one another on the same statistical basis.

This study's look at certain economic indicators of the farm sector (pages 2.3 to 2.5) provides insight as to how our farm families fared during the 1970's compared to farmers elsewhere. These indicators measure some of the most basic pressures on individual farm businesses.

A review of production trends for selected New York State commodities (pages 2.6 to 2.13) compared to nationwide production and consumption statistics is equally revealing.

Significant questions to be considered in this analysis include: 1) Did New York State's increase or decrease in production of a given commodity coincide with overall consumption trends? 2) Did the amount of change in New York State's production, compared to that of other states, approximate New York's percentage of production of the total U.S. crop? and 3) Does it appear that New York State has forfeited markets and/or production opportunities for a given commodity?

A "Foreword" on page 2.6 adds additional perspectives to this analysis.

Section II concludes with a brief summary of food manufacturing trends during the late 1970's. Also highlighted is the dynamic impact of the overall food industry on New York State's economy.

A definition and explanation of the farm economic indicators, based upon accepted farm accounting principles, is outlined on page 2.17.

STATISTICAL SUMMARY

ECONOMIC INDICATORS OF THE FARM SECTOR(1)

- Trends in New York State and the U.S. Between 1970 and 1979 -

CASH RECEIPTS FROM FARM MARKETINGS(2) (Table 1)

Cash received by Empire State farmers for farm marketings almost doubled between 1970 and 1979. Yet the rate of gain was among the lowest of all states.

As cash receipts increased by 97.6 percent in New York, the U.S. gain totaled 151.5 percent. Forty-two states did better than New York in growth of cash receipts during that period; only seven states did worse.

If New York's cash receipt income had grown even at the rate of the national average, our farmers would have benefited by an additional $12,350 per farm.

TOTAL GROSS FARM INCOME(3) (Table 2)

New York ranked 43rd among states in percentage increase of total gross farm income between 1970 and 1979.

It increased by 98 percent in New York during that period, compared to an increase of 143 percent nationwide.

Our farmers would have realized approximately $11,500 more in gross farm income per farm at the end of the 1970's if New York's total gross had climbed even at the national rate.

PER FARM GROSS INCOME(4) (Table 3)

Thirty-seven states increased their per farm gross income by a larger percentage than New York between 1970 and 1979.

As New York's amount climbed by 141 percent during that period, the average U.S. gain was 194 percent.

If New York's growth had been at the national average rate, per farm gross income at the end of the 1970's would have totaled approximately $62,680. It would have provided each of our farms with some $11,440 in additional gross income.

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(1) Unless otherwise indicated, the comparison of 1970 and 1979 is based upon an averaging of 1969, 1970, 1971 and 1978, 1979 and 1980. Such averaging reduces unrepresentative levels caused by fluctuations due to weather, unusual price and market conditions, etc.

See explanation and definition of footnotes on page 2.17.

PER FARM NET INCOME After Inventory Adjustment(5) (Table 4)

Per farm net income for Empire State farmers not only increased at a slower rate than most states between 1970 and 1979, but New York's relative position among states significantly deteriorated during that period.

New York State had the 23rd highest per farm net income among states in 1970 and was 19.4 percent above the national average. By the end of the 1970's, our per farm net income had slipped to 29th among states and had dwindled to 21.3 percent below the U.S. average.

Although per farm net income in New York increased by 46.7 percent during that period, 37 states improved their situation by a larger percentage. The U.S. average gain in per farm net income (122.5 percent) was nearly three times the rate of gain in New York.

If New York's per farm net income had increased even at the national rate, it would have totaled approximately $12,930 at the end of the 1970's, or about $4,400 more per farm.

FARM PRODUCTION EXPENSES(6) (Tables 5 and 5A)
(as a percentage of cash receipts from farm marketings, 1970, 1979)

In 1970, New York State farmers enjoyed the position of 46th among states when measured by their farm production expenses as a percentage of their cash receipts from farm marketings. New York's figure of 81 percent compared favorably to the U.S. average of 88.3 percent.

By the end of the decade, however, New York's farm sector was 21st among states when measured by this economic indicator. Moreover, among the states which faced an increase in production expenses as a percentage of their cash receipts, only four states surpassed New York's 15 percent rate of climb.

New York's percentage (96) also rose well above the final U.S. average (92) at the end of this period.

FARM PRODUCTION EXPENSES (Tables 6 and 6A)
(as a percentage of total gross farm income, 1970, 1979)

At the beginning of the decade, production expenses for New York State's farmers consumed 72 percent of total gross farm income, and the percentage was lower than 43 other states. By the end of the 1970's, the percentage had risen to 85 percent and was higher in only 19 other states.

Only four states suffered a more drastic upward swing in production expenses as a proportion of total gross farm income. Moreover, New York's position moved from four percent below the U.S. average to three percent above the national average.

See explanation and definition of footnotes on page 2.17.

TAXES LEVIED ON FARM REAL ESTATE(7) (Tables 7, 8, 9 and 10)

Taxes on New York farm real estate are among the highest of all states. During the 1970's they increased at the fastest rate in the nation.

New York's farm real estate taxes, on a per-acre basis, were 12th highest ($4.91) among states in 1970 and rose to become the seventh highest ($12.56) in the United States by 1979. New York's percentage of increase during that period (237%) far surpassed the climb of every other state and was more than four times the overall U.S. average increase (57%).

When measured per $100 of full value, New York's farm real estate taxes rose from seventh among states ($1.80) in 1970 to first among states ($1.95) in 1979. New York was one of only three states which faced an increase (on a per $100 of full value basis) during that period, and followed only Alaska in the rate of climb.

By the end of the decade, New York ranked fourth among states when taxes on farm property were measured as a percentage of total gross farm income. New York's percentage (5.1%) was nearly double the U.S. average (2.7%).

When taxes on farm property were measured as a percentage of total net farm income, New York's percentage (23.4%) was ninth among states, and again, nearly double the U.S. average (12.7%).

FARM DEBT-TO-ASSET RATIO(8) (Table 11)

The debt-to-asset ratio of farmers in 24 states increased between 1977 and 1980, the only period for which statistics are available which exclude farm dwellings. Among those states, New York's debt-to-asset ratio rose at the sixth fastest rate.

By 1980, New York ranked fourth among all states when measured by its debt-to-asset ratio (21.1%).

See explanation and definitions of footnotes on page 2.17.

STATISTICAL SUMMARY
PRODUCTION AND CONSUMPTION TRENDS OF SELECTED COMMODITIES OF THE FARM SECTOR

FOREWORD

If one measures the health and economic well-being of the farm sector merely on the basis of increases in cash receipts for a given commodity, one fails to get a true picture of actual farm output.

For example, the total cash receipts for each of the twenty-six New York State commodities analyzed by this study increased between 1970 and 1979. The actual volume of production, however, decreased for thirteen of those commodities.

In other words, one must examine trends in volume of production over a period of time in order to arrive at the most accurate indication of the gains and losses in a farm production sector.

Also, one would be ill-advised to assume that a decrease in production of a given commodity reflects lost income and lost opportunity. It is imperative that the volume of production of a commodity be viewed in the context of trends in per capita consumption. Because the U.S. population has increased by approximately 23 million between 1970 and 1979, even if per capita consumption of a given commodity has decreased, the total U.S. consumption may well have increased. Thus, this latter measure also must be weighed against actual volumes of production.

It is common knowledge that New York State's population decreased by nearly 800,000 between 1970 and 1979. One may be tempted to attribute a decline in production of certain New York State commodities to this outward migration. Such reasoning, however, would fail to account for the fact that New York has been, and remains, a food deficit state. Some analysts have claimed that New York imports as much as 85 percent of its food.

Finally, it must be recognized that farming is among the most volatile of industries. Drastically affected by weather, pests, markets, prices and a number of other factors, production of a given commodity frequently varies by a great amount from year to year. Accordingly, it is more appropriate to measure volumes of production in the context of a period trend rather than from one year to the next.

To remove part, but not all of these abrupt influences on production, this study has averaged both production and consumption statistics for 1968, 1969 and 1970 to arrive at a benchmark for the beginning of the decade. Similar averaging of 1978, 1979 and 1980 provides a benchmark for the close of the 1970's.

This study analyzes 26 commodities produced in New York State and two items (butter and cheese) which are derivatives of the state's dairy industry. New York's fishing and aquaculture industry, which has vast importance and potential, is not included due to the unavailability of adequate nationwide statistics.

DAIRY (Tables 11 and 16)

Milk

New York State's dairy industry, the nation's third largest, was producing 2.5 percent more milk in 1979 than in 1970. The nation's milk supply grew by six percent during that period, and New York, which accounts for approximately nine percent of the U.S. supply, contributed four percent of the additional U.S. production.

Considering the overproduction which has plagued the dairy industry in recent years, New York's lag behind the nationwide increase in volume should not be viewed as lost opportunity. In fact, since New York State's farmers have contributed less to the oversupply problem than farmers in other major dairy states, they have justification in demanding equitable treatment vis-a-vis other states, should farmers nationwide be expected by government to help finance the purchase of surplus dairy products.

During the 1970's both the per capita and total consumption of fluid milk declined, by 11 and 2 percent respectively, as the total milk supply grew by 6 percent.

Butter

New York State ranks fifth among states in the production of butter and provides approximately four percent of the U.S. supply. Although New York's production decreased (17 percent) at twice the national rate of decrease (8 percent) between 1970 and 1979, this measure is less concerning in view of nationwide declines in consumption.

Per capita consumption and total consumption declined by 14 percent and 6 percent during that period.

Cheese

The trend in New York State production of cheese between 1970 and 1979 can be interpreted as a significant boon for our farm sector.

As the provider of eight percent of the nation's cheese supply, New York State increased cheese output by 88 percent during the 1970's compared to an overall U.S. increase of 71 percent. Indeed, New York State contributed to 9 percent of this increase.

Cheese consumption was marked by a healthy 52 percent increase per capita and 65 percent climb in total consumption.

Except for the current surplus in production, which places a premium on finding markets for milk, it could be argued that growth and dependence upon cheese production erodes income for dairy farmers. Milk is priced by a formula based upon its usage, and its value for cheese is significantly less than for fluid consumption.

POULTRY (Tables 12 and 13)

Eggs

As U.S. production of eggs declined by .3 percent, egg production in New York dropped by 22 percent. Both U.S. per capita and total consumption declined during this period, by 10 and 2 percent, respectively.

New York ranks 14th among egg producing states and provides 3 percent of the total supply.

VEGETABLES (Tables 14, 15, 16, 17, 18, 19 and 20)

Production trends for fourteen New York State vegetables have been analyzed in this study. To place their value to our farm economy in proper perspective, these enterprises comprise slightly more than ten percent of total New York farm cash receipts.

Perhaps more significant, however, is the fact that eleven of these vegetables together ranked New York State fourth in the nation in fresh market vegetables at the end of the 1970's. (New York declined to fifth among states in 1981.)

Six of these vegetables together ranked New York State sixth among states in vegetables used for processing.

The importance of New York State's vegetable crop is emphasized further when one considers their supply as a basis for the state's food processing industry, and their availability to meet the demands of major Northeast population centers.

VEGETABLES FOR FRESH MARKET

When the production of eleven principal New York vegetables for fresh market is totaled collectively, our production increased by less than 12 percent during the decade, as U.S. output of those items rose by more than 21 percent.

New York State provided 6.4 percent of the U.S. supply at the beginning of the decade, and 5.9 percent at the end.

Carrots

As the U.S. production of carrots increased by 5 percent during the 1970's, New York's production declined by 48 percent.

Although the change in per capita consumption was negligible, total U.S. consumption rose by 11 percent.

Cauliflower

Both the U.S. and New York production of cauliflower increased, but the Nation's jump (70 percent) far outdistanced New York's gain (10 percent). Although New York ranks third among states in this commodity and contributes 12 percent of the U.S. supply, it contributed only two percent to the overall U.S. increase.

U.S. per capita consumption and total consumption rose by 64 and 82 percent respectively.

Celery

New York's production of celery declined 53 percent during the 1970's as the U.S. production rose by 13 percent. Per capita consumption was up by one percent and the total consumption increased by 11 percent.

Although New York ranks fourth among states and contributes two percent of the national supply, it contributed nothing to the U.S. increase during that period.

Cucumbers

New York's production of cucumbers, the nation's fourth largest, increased at less than half the rate of U.S. production growth (14 percent versus 36 percent). As the provider of five percent of the nation's supply, New York contributed three percent of the overall U.S. increase.

Per capita consumption and total volume consumed climbed by 35 percent and 49 percent, respectively.

Lettuce

Nationwide production of lettuce during the 1970's grew by 33 percent as per capita consumption grew by 17 percent and total consumption jumped by 30 percent.

Yet New York State (ranked sixth in lettuce production) suffered a three percent decline in production.

Snap Beans

Both New York and U.S. production of snap beans declined by 9 percent and 6 percent, respectively. Per capita consumption was down by 18 percent and total consumption decreased by 9 percent.

New York is third among states in production and accounts for 8 percent of the nationwide supply.

Strawberries

A bright spot for New York's farm sector is its production of strawberries for fresh market which ranks third among states and contributes 3 percent of the national supply.

Although U.S. production rose by 44 percent during the 1970's, New York's output climbed by 116 percent. New York contributed to 5 percent of the nationwide increase.

U.S. per capita consumption was up 11 percent and total consumption rose by 23 percent.

Sweet Corn

The Nation also was outpaced by New York in the percentage increase in production of sweet corn for fresh use.

New York (ranked second among states and provider of 11 percent of the national supply) increased production by 25 percent, compared to 8 percent for the U.S. as a whole.

Per capita consumption declined by 6 percent, but total consumption rose by 3 percent.

Tomatoes

Nationwide production of tomatoes for fresh market use was up 29 percent while New York production declined by 13 percent.

New York's seventh largest tomato crop in the Nation contributes 2 percent of the U.S. supply, but added nothing to the U.S. increase during the decade.

Per capita consumption rose by 11 percent and total consumption jumped by 23 percent.

Cabbage

New York's cabbage crop for fresh market use is the Nation's third largest and provides the U.S. with 16 percent of its supply.

New York State marked a healthy growth in production during the decade with an increase of 63 percent, compared to U.S. growth of 4 percent.

There was a negligible change in per capita consumption, but total consumption increased by approximately 10 percent.

Onions

New York and the U.S. increased output of onions by 3 percent and 22 percent, respectively.

As third ranked New York provides the Nation with 14 percent of its onion supply, it contributed to 2 percent of the additional U.S. output during the decade.

VEGETABLES FOR PROCESSING

New York State production of five principal vegetables used for processing, when measured by collective volume, increased by 16.4 percent compared to a 13.6 percent larger U.S. output. New York's contribution to the total national supply increased slightly from 9 percent to 9.2 percent.

Beets

Empire State agriculture produced 32 percent of the beets used for processing in the U.S. at the end of the 1970's and ranked second in production among states.

Although U.S. production increased by 10 percent during the decade, New York production dropped by 2 percent. It should be recognized, however, that per capita consumption declined by 18 percent and total volume consumed decreased by 10 percent.

Cabbage (for kraut)

The production of cabbage used for processing decreased in both New York and the U.S. at a rate of 1 and 8 percent, respectively, during the 1970's. Both per capita consumption and total volume consumed also decreased (22 percent and 14 percent, respectively).

At the end of the decade, New York ranked first in the Nation in production of cabbage used for processing and provided 38 percent of the total supply.

Green Peas

In the U.S., the per capita consumption and the total volume consumed of green peas used for processing declined by 14 percent and 5 percent, respectively. However, New York increased its production by 9 percent and the U.S. boosted its output by 1 percent.

New York, which produces 2 percent of the Nation's supply, contributed 17 percent of the U.S. increase during the decade.

Snap Beans

The output of snap beans in New York rose by 10 percent compared to a nationwide increase of 26 percent. Ranked third, and providing 15 percent of the Nation's supply of snap beans for processing, New York's production accounted for 7 percent of the U.S. increase during the decade.

Per capita consumption rose by 3 percent and total consumption climbed by 13 percent.

Sweet Corn

New York significantly surpassed the U.S. increase in production of sweet corn used for processing by boosting output 80 percent compared to 16 percent.

Although providing only 4 percent of the national supply, New York accounted for 13 percent of the national gain during the period.

The change in per capita consumption was down by 1 percent, but the total volume consumed rose by 12 percent.

FRUIT (Tables 21 and 22)

The U.S. increase in production of five principal New York fruit crops significantly outdistanced New York State.

Total U.S. production of these five commodities increased by 30 percent while New York output rose by only 7.7 percent. New York provided 8.8 percent of the U.S. supply at the beginning of the 1970's, and 7.3 percent of the total supply at the end of the decade.

Apples

New York long has been recognized as a premium apple state, given its second rank nationally and its production of 13 percent of the nationwide supply.

Between 1970 and 1979, New York's 8 percent increase in production trailed the overall U.S. growth of 25 percent. New York State accounted for 11 percent of the increase in U.S. production.

The change in per capita consumption was up by 3.5 percent as the total volume consumed climbed by 14 percent.

Grapes

During the decade, U.S. production of grapes increased by 38 percent as per capita consumption rose by 21 percent and total volume consumed increased by 33 percent.

New York's production, however, which ranks second nationally, lagged at 12 percent.

Pears

Both New York and the U.S. boosted output of pears, but New York's increase of 10 percent trailed the U.S. growth of 22 percent.

Ranked fourth among states in pear production, and provider of 2 percent of the nationwide supply, New York accounted for 1 percent of the national increase.

Per capita consumption and total volume consumed increased at a rate of 10 and 21 percent, respectively.

Sweet Cherries

Nationwide production of sweet cherries grew by 30 percent during the decade, as per capita consumption increased by 20 percent and total volume consumed climbed by 30 percent.

New York, the Nation's fifth largest sweet cherry state, however, suffered a 25 percent decline in production.

Tart Cherries

New York and the U.S. experienced a decline of 27 percent and 32 percent, respectively, in production of tart cherries between 1970 and 1979. A 33 percent decline was registered in per capita consumption and overall total volume consumed was down 30 percent.

New York ranks second in the Nation in tart cherry production and provided 14 percent of the Nation's supply at the close of the 1970's.

OTHER COMMODITIES

Potatoes

New York's production of potatoes, tenth largest in the Nation, suffered a decline of 25 percent as U.S. production rose by 5 percent.

Per capita consumption slightly increased by 4 percent and the total volume consumed rose by 15 percent.

Dry Beans

As total U.S. production of dry beans increased by 25 percent during the decade, New York's production declined by 33 percent.

Total volume consumed in the U.S. rose by 10 percent, although the change in per capita consumption was negligible.

Corn (for grain)

New York State's production of corn used for grain rose dramatically (by 92 percent) during the period, while the U.S. output increased by 51 percent. By the end of the 1970's, New York provided .8 percent of the U.S. supply and accounted for 1.2 percent of the additional nationwide growth.

Per capita consumption increased by 61 percent and total volume consumed grew by 68 percent.

FOOD MANUFACTURING TRENDS

New York State's farm production sector is linked inseparably to food manufacturing, wholesaling and retailing. The stability and growth of each component of this food system has a profound impact upon all other components.

Beyond the benefits to consumers, each component thrives when all operate in a harmonic relationship.

An examination of the health and well-being of our manufacturing, wholesaling and retailing food sectors goes beyond the scope of this particular study. This analysis, however, will highlight briefly certain trends in the state's food manufacturing industry.

Food Processing/Manufacturing

An expansion of agricultural production means different things to different people. Farmers can benefit measurably, but only if there are expanded markets for what they produce. Nearby nonfarm consumers are the most certain to gain since they will have access to reasonably priced goods which often are more fresh and dependable in supply. Manufacturers can benefit, since it will be less necessary to import raw commodities from long distances.

This brief analysis of the food manufacturing sector will be limited to a notion of trends in employment and plant numbers in New York State between 1974 and 1979. Available statistics are limited to government reports on workers covered by unemployment insurance.

The chart below, published by the New York State Department of Labor, divides food manufacturing plants into eight different categories.

Product Group	Number				Percent Change	
	1974		1979		1974-1979	
	Plants	Employment	Plants	Employment	Plants	Employment
Livestock	244	9,296	195	8,227	-20.1	-11.5
Dairy	426	14,749	272	12,681	-36.2	-14.0
Fruit & Veg.	214	12,306	194	13,307	- 9.3	8.1
Grain Milling	117	5,955	111	6,076	- 5.1	2.0
Bakery	404	20,488	393	17,441	- 2.7	-14.9
Confectionary	104	11,595	85	9,028	-18.3	-22.1
Beverages	264	17,051	218	15,987	-17.4	- 6.2
All Other	249	10,695	224	11,291	-10.0	5.6
All Food Products	2,022	102,135	1,692	94,038	-16.4	- 7.9

Like many manufacturing industries in New York State during the 1970's, major product groups comprising the food processing industry have experienced a decline in numbers of plants and employees.

In the five years ending in 1979, New York State lost 1,632 food manufacturing plants, or 16.4 percent of its total number in 1974. Overall employment dropped by 7.9 percent as the industry reduced its workforce by 8,097.

It should be noted that the decline in plants and number of workers does not translate necessarily into an equal decrease in volume of manufacturing. There has been some consolidation of plants, together with increased technology and mechanization.

One encouraging note is the fact that employment in fruit and vegetable processing plants actually grew by 8 percent or 1,000 employees during this period.

Nonetheless, the overall trend in the number of plants and employees does not reflect a burgeoning industry.

Economic Multipliers

The actual and potential impact of our food industry on the state's economy is well documented in an April 1981 Cornell University study.(A)

One measure of the impact of an industry on growth of the state's economy is that of "economic multipliers." A series of such income multipliers were estimated for various industries in 1977.(B)

The Cornell study notes, "The multiplier for Food Manufacturing (3.04) was 45 percent above the second highest (2.1 - Other Manufacturing). The following table summarizes the economic multiplier effect of various industries:

Industry	Economic Multiplier	Impact on $1 Million Income in New York State
Food Manufacturing	3.04	$3,040,000
Other Manufacturing	2.10	2,100,000
Construction	1.92	1,920,000
Finance and Insurance	1.61	1,610,000
Business and Personnel Service	1.41	1,410,000

(A) Law, Mary Stewart, The New York State Food Industry, Department of Agricultural Economics, College of Agriculture and Life Sciences of Cornell University, April 1981.

(B) Call, David L., The Role of Agriculture in the Economy of New York State, Cornell Series No. 77-29, April 1977.

Value Added

The Cornell study also made some profound observations regarding the economics of the food industry when measured by value added per employee:

> "Value added, as defined and computed by the U.S. Bureau of the Census, is one measurement that facilitates comparison of economic activity between industries and product groups. This is accomplished by eliminating the cost of goods sold, thereby avoiding double-counting the value of products as they progress through the manufacturing process. Put simply, value added is computed by determining the value of shipment in an industry, subtracting the cost of materials and adjusting for changes in inventory levels.
>
> "During 1977, over $44.6 billion was added to the value of manufactured goods in New York State (see table below). This placed New York second only to California in value added by state, and represented 7.7 percent of total United States value added.
>
> "While the value added per employee for all New York industries has lagged behind that of the U.S., productivity in the food industry of New York State has out-stripped that of most other industries. Value added per food industry employee was over $43,000 in 1977, 67 percent above the average for all other industries in New York State," the study concludes.

Clearly, the food industry presents an enormous potential among industries for stimulation of the economy through investment and growth.

Product Group	Value Added by Manufacture[a]			
	New York State		United States	
	Total ($ mill.)	Per Employee ($)	Total ($ mill.)	Per Employee ($)
Livestock	$ 237.3	$ 31,224	$ 7,422.6	$ 23,990
Dairy	372.6	36,891	5,819.1	37,064
Fruit & Vegetables	421.4	38,661	7,759.4	33,200
Grain Milling	374.9	72,096	6,756.7	59,373
Bakery	435.5	30,243	7,119.5	32,128
Confectionary	522.7	53,887	4,094.7	39,109
Beverages	597.4	58,000	9,862.8	50,630
All Other	332.8	46,223	7,398.0	41,008
All Food Products	$ 3,294.8	43,640	$ 56,232.8	37,108
Other Industries	41,382.1	26,076	525,408.1	29,277
All Industries	$ 44,676.9	28,815	$ 581,640.9	29,819

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a/ Includes administrative employees.

Source: 1977 U.S. Census of Manufacturers, preliminary reports MC77-S-1(P) and MC77-A-33(P), United States Bureau of the Census, United States Department of Commerce.

DEFINITION AND EXPLANATION OF FARM ECONOMIC INDICATORS

- As referenced from Statistical Summary and Tables -

Footnote Numbers:

(1)Unless otherwise indicated, all comparisons of 1970 and 1979 are based upon an averaging of 1969, 1970, 1971 and 1978, 1979 and 1980. Such averaging reduces unrepresentative single-year levels caused by fluctuations due to weather, unusual price or market conditions, etc.

(2)Cash Receipts From Farm Marketings represent gross receipts from commercial market sales, as well as loans (net of redemptions) made or guaranteed by the Commodity Credit Corporation (CCC) and purchases under price support programs. It includes farm households, but excludes government payments, non-money income (such as farm products directly consumed) and other farm income (such as machine hire and custom work).

(3)Total Gross Farm Income includes CCC loans and farm households, and: 1) cash receipts from farm marketings; 2) direct government payments; 3) non-money income; and 4) other farm income. (When analyzing the growth of total gross farm income among states during a period of time, it should be recognized that it does not reflect increases or decreases in the number of farms per state.)

(4)Per Farm Gross Income represents total revenues to an individual farm operation from which all expenses must be deducted. These statistics include households and government payments, but do not include inventories on hand. Per farm gross income also reflects increases or decreases in the number of farms per state.

(5)Per Farm Net Income After Inventory Adjustment is the farm operator's net income, plus or minus the value of the net change in inventories. It is the figure included in the national income estimates of the U.S. Department of Commerce as a farm proprietor's income.

(6)Farm Production Expenses include current farm operating expenses for such items as wages paid to hired labor (in cash and in kind), outlays for repairs of equipment and operation of the farm, as well as purchases of oil, feed, seed and livestock. Overhead-type costs include charges for depreciation and other capital consumption taxes on farm property and interest on farm mortgage debt.

(7)Taxes Levied On Farm Real Estate, as measured per acre and per $100 of full value, are based upon actual figures for 1970 and 1979, rather than an average of 1968-69-70 and 1978-79-80.

(8)Farm Debt-to-Asset Ratio is more meaningful when viewed as a trend rather than at a given level in a specific year. Assets for this economic indicator include real estate, livestock and poultry, machinery and motor vehicles (excluding household share), crops (including those held on and off the farm), and other financial assets. Debt includes real estate, non-real estate and CCC loans. (While an increase in debts-to-assets reflects a deterioration in the economic well-being of a farm sector, it also can be viewed as a possible indication of farmer optimism in the future.)

SECTION III

TABLE OF CONTENTS

- List of Tables -

	Table (s)
ECONOMIC INDICATORS	1-11
Total Cash Receipts From Farm Marketings, By State	1
Total Gross Farm Income, By State	2
Per Farm Gross Income, By State	3
Per Farm Net Income, By State	4
Farm Production Expenses, By State, 1970 (as percentage of cash receipts)	5
Farm Production Expenses, By State, 1979 (as percentage of cash receipts)	5-A
Farm Production Expenses, By State, 1970 (as percentage of gross farm income)	6
Farm Production Expenses, By State, 1979 (as percentage of gross farm income)	6-A
Taxes Levied on Farm Real Estate, Per Acre, By State	7
Taxes Levied on Farm Real Estate, Per $100 of Full Value	8
Taxes Levied on Farm Real Estate, By State (as percentage of total gross farm income)	9
Taxes Levied on Farm Real Estate, by State (as percentage of net farm income)	10
Farm Debt-to-Asset Ratio, By State	11
PRODUCTION AND CONSUMPTION OF SELECTED COMMODITIES	12-23
Dairy and Poultry	12-13
Vegetables For Fresh Market	14-18
Vegetables For Processing	19-21
Fruit, Potatoes, Dry Beans, Corn For Grain	22-23

Tables 1-11 are based upon statistics from Economic Indicators of the Farm Sector, Statistical Bulletin No. 678, Economic Research Service, U.S. Department of Agriculture, November 1981.

Additional statistics for Tables 7 - 10 are based upon Taxes Levied On Farm Real Estate, Economic Research Service, U.S. Department of Agriculture, December 1981.

Tables 12 - 24 are based upon statistics from Agricultural Statistics, 1981, U.S. Department of Agriculture; New York Agricultural Statistics, 1980, New York State Crop Reporting Service; New York Agricultural Statistics, 1977, New York State Crop Reporting Service.

TABLE

TOTAL CASH RECEIPTS FROM FARM MARKETINGS, BY STATE(1)(2)

(change between 1970 and 1979)

	Cash Receipts From Farm Marketing (million dollars) 1970	Cash Receipts From Farm Marketing (million dollars) 1979	Percent Increase 1970 to 1979	Rank Among States In Percent Increase
ALABAMA	776.1	1,936.33	149.49	22
ALASKA	4.36	1,177	170	6
ARIZONA	685.87	1,664.27	142.65	27
ARKANSAS	1,172.37	3,012.27	156.94	17
CALIFORNIA	4,678.83	12,335.1	163.64	13
COLORADO	1,239.93	3,011.83	142.9	28
CONNECTICUT	163.63	272.3	66.41	47
DELAWARE	147.87	338.4	129	36 (T)
FLORIDA	1,374.43	3,700.8	169.26	7
GEORGIA	1,197.73	2,748.7	129.49	35
HAWAII	209.6	414.23	97.63	42
IDAHO	666.07	1,788.43	168.5	8
ILLINOIS	2,774.63	7,145.33	157.52	15
INDIANA	1,564.53	3,981.53	154.49	19
IOWA	3,994.67	9,282.63	132.37	30
KANSAS	1,984.73	5,469	175.55	4
KENTUCKY	912.47	2,432.43	166.58	9
LOUISIANA	655.97	1,596.7	143.41	26
MAINE	234.17	425.9	81.88	45
MARYLAND	391.53	866.47	121.3	40
MASSACHUSETTS	157.6	295.97	87.8	44
MICHIGAN	924.2	2,370.46	156.49	18
MINNESOTA	2,134.1	5,591.17	162	14
MISSISSIPPI	908	2,113	132.7	31
MISSOURI	1,579.67	3,951.7	150.16	20
MONTANA	591.87	1,341.83	126.7	37
NEBRASKA	2,088.6	5,558.86	166	10
NEVADA	84.1	210.67	150.5	21
NEW HAMPSHIRE	54.67	95.63	74.93	46
NEW JERSEY	246.53	408.8	65.82	48
NEW MEXICO	443.5	1,082.13	144	24
NEW YORK	1,099.83	2,173.43	97.61	43
NORTH CAROLINA	1,465.23	3,396.4	131.8	32
NORTH DAKOTA	787.77	2,198.8	179	3
OHIO	1,362.53	3,390.3	148.8	23
OKLAHOMA	1,047.6	2,962.1	182.7	2
OREGON	568.06	1.462.2	157.4	16
PENNSYLVANIA	1,026.53	2,436.8	137.43	29
RHODE ISLAND	19.87	30.93	55.68	49
SOUTH CAROLINA	442.17	1,022.23	131.2	33
SOUTH DAKOTA	1,011	2,314.7	129	36 (T)
TENNESSEE	701.13	1,710.3	143.93	25
TEXAS	3,241.13	8,891.87	174.3	5
UTAH	219.43	492.27	124.34	38
VERMONT	156.87	349.07	122.5	39
VIRGINIA	586.23	1,351.2	130.48	34
WASHINGTON	807.5	2,345.6	190.5	1
WEST VIRGINIA	102.73	219.77	113.9	41
WISCONSIN	1,596.1	4,240.5	165.7	11
WYOMING	241.63	640.9	165.24	12
UNITED STATES	50,525.66	127,090.33	151.54	

(1)(2) See page 2.17 for definition and explanation of footnotes.

TABLE 2

TOTAL GROSS FARM INCOME, BY STATE(1)(3)
(change between 1970 and 1979)

	Total Gross Farm Income (million dollars) 1970	Total Gross Farm Income (million dollars) 1979	Percent Increase 1970 to 1979	Rank Among States in Percent Increase
ALABAMA	941.9	2,195.27	133.1	25
ALASKA	5.3	13.47	154	12
ARIZONA	769.6	1,766.83	129.6	29
ARKANSAS	1,349.73	3,309.57	145.2	19
CALIFORNIA	5,008.83	12,961.73	158.8	7
COLORADO	1,356.57	3,236.1	138.6	23
CONNECTICUT	178.97	302.23	68.9	47
DELAWARE	156.53	358.67	127.9	33
FLORIDA	1,452.83	3,927.6	170.3	2
GEORGIA	1,374.4	3,059.87	122.6	37
HAWAII	232.66	453.4	94.9	43
IDAHO	767.23	1,999.2	160.6	5
ILLINOIS	3,224.1	8,146.8	152.7	15
INDIANA	1,886.8	4,755.1	152	16
IOWA	4,456.7	10,221.47	129.4	30
KANSAS	2,328.47	6,001.06	157.7	9
KENTUCKY	1,101.7	2,850.33	158.9	6
LOUISIANA	769.67	1,782.3	131.6	27 (T)
MAINE	250.47	469.73	87.5	45
MARYLAND	444.6	999.27	123.8	36
MASSACHUSETTS	173.4	330.37	90.5	44
MICHIGAN	1,115.06	2,732.86	145.1	20
MINNESOTA	2,466.13	6,343.67	157.2	10
MISSISSIPPI	1,144.37	2,369.23	107	41
MISSOURI	1,884.06	4,466.33	137	24
MONTANA	724.56	1,580.5	118.1	39
NEBRASKA	2,376.03	6,023.9	153.5	13
NEVADA	94.2	236.9	151.5	17
NEW HAMPSHIRE	62.5	117.06	87.3	46
NEW JERSEY	275.46	464.1	68.5	48
NEW MEXICO	514.3	1,197.13	132.8	26
NEW YORK	1,234.07	2,444	98	42
NORTH CAROLINA	1,701.77	3,846.13	126	34
NORTH DAKOTA	1,010.7	2,559.8	153.3	14
OHIO	1,650.5	4,061.1	146	18
OKLAHOMA	1,258.43	3,288.6	161.3	4
OREGON	662.2	1,694.33	155.9	11
PENNSYLVANIA	1,166.9	2,807.53	140.6	22
RHODE ISLAND	21.53	35.53	65	49
SOUTH CAROLINA	549.2	1,173.26	113.6	40
SOUTH DAKOTA	1,159.9	2,564.83	121	38
TENNESSEE	891.37	2,034.53	128.2	32
TEXAS	4,013.26	9,839.76	145	21
UTAH	250.1	576.2	130.4	28
VERMONT	124.26	391.16	124.5	35
VIRGINIA	703.13	1,628.46	131.6	27 (T)
WASHINGTON	948.6	2,614.6	175.6	1
WEST VIRGINIA	131.97	302.27	129	31
WISCONSIN	1,800.86	4,760.23	164.3	3
WYOMING	277.47	717.23	158.5	8
UNITED STATES	58,493.66	142,018	142.8	

(1)(3) See page 2.17 for definition and explanation of footnotes.

PER FARM GROSS INCOME, BY STATE(1)(4)
(change between 1970 and 1979)

TABLE 3

	Per Farm Gross Income (thousand dollars) 1970	Per Farm Gross Income (thousand dollars) 1979	Percent Increase 1970 to 1979	Rank Among States in Percent Increase
ALABAMA	11,456	37,416	227	4
ALASKA	16,505	37,395	126.6	36
ARIZONA	122,226	258,443	111.4	39
ARKANSAS	18,838	56,425	199.5	19
CALIFORNIA	77,878	163,924	110.5	40
COLORADO	44,324	121,908	175	27 (T)
CONNECTICUT	36,567	71,969	96.8	43
DELAWARE	40,129	101,473	152.9	30
FLORIDA	37,253	102,444	175	27 (T)
GEORGIA	17,857	51,862	190.4	22
HAWAII	52,185	105,433	102	42
IDAHO	26,902	83,272	209.5	10
ILLINOIS	25,124	75,273	199.6	17
INDIANA	17,644	53,657	204	13
IOWA	30,742	84,558	175.1	27 (T)
KANSAS	26,698	79,733	198.6	20
KENTUCKY	8,699	27,688	218.3	7
LOUISIANA	15,104	48,171	218.9	6
MAINE	29,056	58,730	102.1	41
MARYLAND	23,613	58,188	146.4	33
MASSACHUSETTS	28,019	55,080	96.6	44
MICHIGAN	13,286	41,406	211.6	9
MINNESOTA	20,335	60,997	200	16
MISSISSIPPI	12,873	42,571	230.7	3
MISSOURI	13,181	36,931	180.2	26
MONTANA	27,494	66,679	142.5	34
NEBRASKA	32,564	92,271	183.4	24
NEVADA	44,853	81,698	82.1	46
NEW HAMPSHIRE	19,341	35,827	85.2	45
NEW JERSEY	31,792	49,703	56.3	48
NEW MEXICO	41,132	90,163	119.2	38
NEW YORK	21,284	51,238	140.7	35
NORTH CAROLINA	11,412	41,506	263.7	1
NORTH DAKOTA	22,221	63,254	184.7	23
OHIO	13,994	42,467	203.5	14
OKLAHOMA	14,037	45,507	224.2	5
OREGON	19,200	50,185	161.4	29
PENNSYLVANIA	15,775	45,980	191.5	21
RHODE ISLAND	26,183	41,684	59.2	47
SOUTH CAROLINA	10,568	33,521	217.2	8
SOUTH DAKOTA	24,686	65,574	165.6	28
TENNESSEE	6,966	21,126	203.3	15
TEXAS	[illegible],938	53,092	180.3	25
UTAH	17,749	44,431	150.3	31
VERMONT	23,930	53,270	122.6	37
VIRGINIA	9,261	27,773	199.9	18
WASHINGTON	23,148	70,571	204.9	12
WEST VIRGINIA	4,554	15,280	235.5	2
WISCONSIN	16,382	50,687	209.4	11
WYOMING	31,909	79,654	149.6	32
UNITED STATES	19,836	58,418	194.5	

(1)(4) See page 2.17 for definition and explanation of footnotes.

PER FARM NET INCOME, BY STATE(1)(5)
(change between 1970 and 1979)

TABLE 4

	Per Farm Net Income (thousand dollars)	Per Farm Net Income (thousand dollars)	Percent Increase 1970 to 1979	Rank of States in Percent of Gain
ALABAMA	2,957	8,035	171.07	7
ALASKA	3.455	2,276	(34.0)	43
ARIZONA	21,662	58,573	170.4	8
ARKANSAS	4,210	14,242	238.3	1
CALIFORNIA	16,647	41,201	147.5	15
COLORADO	7,824	15,537	98.6	25
CONNECTICUT	9,108	12,738	39.9	39
DELAWARE	5,272	23,678	156.3	11
FLORIDA	12,070	33,488	177.44	4
GEORGIA	4,715	7,482	58.7	34
HAWAII	11,792	35,766	203.3	3
IDAHO	7,090	16,065	126.6	19
ILLINOIS	5,693	10,289	80.7	30
INDIANA	4,582	8,690	89.6	27
IOWA	7,002	11,199	59.9	33
KANSAS	5,961	11,031	85.1	28
KENTUCKY	2,950	8,036	172.4	5
LOUISIANA	4,219	11,151	164.3	9
MAINE	5,807	8,575	47.7	37
MARYLAND	5,390	9,748	80.8	29
MASSACHUSETTS	6,358	13,004	104.5	23
MICHIGAN	3,217	8,090	151.5	13
MINNESOTA	6,092	12,867	111.2	22
MISSISSIPPI	3,603	9,239	156.4	10
MISSOURI	2,906	6,566	125.9	20
MONTANA	8,049	6,665	(17.2)	45
NEBRASKA	6,846	8,498	24.1	44
NEVADA	11,731	12,422	5.9	47
NEW HAMPSHIRE	4,806	2,969	(38.2)	41
NEW JERSEY	6,820	6,999	2.6	49
NEW MEXICO	8,466	14,708	73.7	32
NEW YORK	5,811	8,524	46.7	38
NORTH CAROLINA	3,780	12,082	219.6	2
NORTH DAKOTA	6,776	7,922	16.9	46
OHIO	3,182	6,453	102.8	24
OKLAHOMA	2,964	6,768	128.3	18
OREGON	4,169	7,525	80.5	31
PENNSYLVANIA	3,982	10,074	153	12
RHODE ISLAND	7,436	7,321	(2.8)	48
SOUTH CAROLINA	2,884	3,939	36.6	42
SOUTH DAKOTA	6,979	9,715	39.2	40
TENNESSEE	1,767	2,692	52.3	36
TEXAS	3,665	8,449	130.5	17
UTAH	4,252	6,665	56.8	35
VERMONT	6,645	14,088	112	21
VIRGINIA	2,156	5,269	144	16
WASHINGTON	6,878	18,724	172	6
WEST VIRGINIA	685	1,309	90.9	26
WISCONSIN	5,447	13,569	149	14
WYOMING	5,725	5,640	(1.5)	
UNITED STATES	4,868	10,832	122.5	

(1)(5) See page 2.17 for definition and explanation of footnotes.

FARM PRODUCTION EXPENSES, BY STATE, 1970(1)(6)
(as percentage of cash receipts from farm marketings)

TABLE 5

	Farm(A) Production Expenses (million dollars) 1970	Cash Receipts(B) From Farm Marketings (million dollars) 1970	(A) As a Percentage of (B)	Rank Among States (Highest % to Lowest)
ALABAMA	710	776.1	91.5	16
ALASKA	4.13	4.36	94.7	7
ARIZONA	630.87	685.87	92.0	14
ARKANSAS	1,054.5	1,172.37	89.9	21
CALIFORNIA	3,918.93	4,678.83	83.8	36
COLORADO	1,159.67	1,239.93	93.5	10
CONNECTICUT	132.93	163.63	81.2	40
DELAWARE	120.37	147.87	81.4	39
FLORIDA	994.07	1,374.43	72.3	46
GEORGIA	1,037.1	1,197.73	86.6	28
HAWAII	180.5	209.6	86.1	30
IDAHO	586.37	666.07	88.0	24
ILLINOIS	2,488.37	2,774.63	89.7	23
INDIANA	1,409.43	1,564.53	90.1	20
IOWA	3,408.67	3,994.67	85.3	32
KANSAS	1,880.73	1,984.73	94.8	6
KENTUCKY	747.33	912.47	81.9	38
LOUISIANA	556.03	655.97	84.8	34 (T)
MAINE	200.23	234.17	85.5	31
MARYLAND	342.6	391.53	87.5	26
MASSACHUSETTS	132.63	157.6	84.2	35
MICHIGAN	844.23	924.2	91.3	18
MINNESOTA	1,729.87	2,134.1	81.0	41 (T)
MISSISSIPPI	826.97	908	91.1	19
MISSOURI	1,485.1	1,579.67	94.0	9
MONTANA	531.33	591.87	89.8	22
NEBRASKA	1,910.76	2,088.8	91.4	17
NEVADA	72.67	84.1	86.4	29 (T)
NEW HAMPSHIRE	46.37	54.67	84.8	34 (T)
NEW JERSEY	214.7	246.53	87.1	27
NEW MEXICO	408.63	443.5	92.1	13 (T)
NEW YORK	890.4	1,099.83	81.0	41 (T)
NORTH CAROLINA	1,150.4	1.465.23	78.5	43
NORTH DAKOTA	729.63	787.77	92.6	11
OHIO	1,286.33	1,362.53	94.4	8
OKLAHOMA	1,034.6	1,047.6	98.8	3
OREGON	520.2	568.06	91.6	15
PENNSYLVANIA	874.5	1,026.53	85.2	33
RHODE ISLAND	15.23	19.87	76.6	45
SOUTH CAROLINA	407.23	442.17	92.1	13 (T)
SOUTH DAKOTA	844.5	1,011	83.5	37
TENNESSEE	679.63	701.13	96.9	5
TEXAS	3,297.87	3,241.13	101.75	2
UTAH	192.57	219.43	87.8	25
VERMONT	126.03	156.87	80.3	42
VIRGINIA	541.87	586.23	92.4	12
WASHINGTON	697.37	807.5	86.4	29 (T)
WEST VIRGINIA	114.23	102.73	111.2	1
WISCONSIN	1,230.57	1,596.1	77.1	44
WYOMING	236.13	241.63	97.7	4
UNITED STATES	44,635.33	50,525.66	88.3	

(1)(6) See page 2.17 for definition and explanation of footnotes.

FARM PRODUCTION EXPENSES, BY STATE, 1979(1)(6)
(as percentage of cash receipts from farm marketings)

TABLE 5

	Farm(A) Production Expenses (million dollars) 1979	Cash Receipts(B) From Farm Marketings (million dollars) 1979	(A) As a Percentage of (B)	Rank Among States (Highest % to Lowest)	Increase or (Decrease) of 1970 to 1979
ALABAMA	1,732.23	1,936.33	89.4	32	(2.1)
ALASKA	12.63	1,177	107.3	3	12.6
ARIZONA	1,425.6	1,664.27	85.6	35	(6.4)
ARKANSAS	2,548.87	3,012.27	84.6	37	(5.3)
CALIFORNIA	9,916.3	12,335.1	80.4	42	(3.4)
COLORADO	2,854.47	3,011.83	94.8	24	1.3
CONNECTICUT	249.23	272.3	91.6	28	10.4
DELAWARE	275.17	338.4	81.3	40	(.1)
FLORIDA	2,673.63	3,700.8	72.2	43	(.1)
GEORGIA	2,637.13	2,748.7	95.9	20	9.3
HAWAII	298.4	414.23	72.0	44	(14.1)
IDAHO	1,661.03	1,788.43	92.9	26 (T)	4.9
ILLINOIS	6,817.73	7,145.33	95.4	21 (T)	5.7
INDIANA	4,002.83	3,981.53	100.5	10 (T)	10.4
IOWA	9,152.93	9,282.63	98.6	12	13.3
KANSAS	5,216.66	5,469	95.4	21 (T)	.6
KENTUCKY	1,979.93	2,432.43	81.4	39	(.5)
LOUISIANA	1,371.93	1,596.7	85.9	34 (T)	1.1
MAINE	410	425.9	96.3	18	10.8
MARYLAND	847.33	866.47	97.8	15	10.3
MASSACHUSETTS	254.43	295.97	86.0	33	1.8
MICHIGAN	2,251.17	2,370.46	95.0	23	3.7
MINNESOTA	5,096.23	5,591.17	91.1	30	10.3
MISSISSIPPI	1,396.8	2,113	66.0	45	(25.1)
MISSOURI	3,596.27	3,951.7	91.0	31	(3)
MONTANA	1,409.53	1,341.83	105.0	4	15.2
NEBRASKA	5,585.63	5,558.86	100.5	10 (T)	9.1
NEVADA	208.5	210.67	99	11	12.6
NEW HAMPSHIRE	106.13	95.63	111	2	26.2
NEW JERSEY	398.87	408.8	97.6	16	10.5
NEW MEXICO	999.23	1,082.13	92.3	27	.2
NEW YORK	2,086.7	2,173.43	96.0	19	15
NORTH CAROLINA	2,758.6	3,396.4	81.2	41	2.7
NORTH DAKOTA	2,160.83	2,198.8	98.3	14	5.7
OHIO	3,535.2	3,390.3	104.3	5	9.9
OKLAHOMA	2,752.03	2,962.1	92.9	26 (T)	(5.9)
OREGON	1,508.8	1.462.2	103.2	7	11.6
PENNSYLVANIA	2,225	2,436.8	91.3	29	6.1
RHODE ISLAND	29.43	30.93	95.2	22	18.6
SOUTH CAROLINA	1,005.97	1,022.23	98.4	13	6.3
SOUTH DAKOTA	2,245.8	2,314.7	97	17	13.5
TENNESSEE	1,765.57	1,710.3	103	8	6.1
TEXAS	8,329.53	8,891.87	93.7	25	(8.05)
UTAH	497.47	492.27	101	9 (T)	13.2
VERMONT	290.97	349.07	83.4	38	3.1
VIRGINIA	1,364.67	1,351.2	101	9 (T)	8.6
WASHINGTON	2,014.13	2,345.6	85.9	34 (T)	(.5)
WEST VIRGINIA	283.03	219.77	128.8	1	17.6
WISCONSIN	3,615.8	4,240.5	85.3	36	6.3
WYOMING	666.8	640.9	104	6	6.3
UNITED STATES	116,986.66	127,090.33	92		3.7

(1)(6) See page 2.17 for definition and explanation of foctnotes.

FARM PRODUCTION EXPENSES, BY STATE, 1970 (1)(6)
(as a percentage of total gross farm income)

TABLE 6

	(A) Farm Production Expenses (million dollars) 1970	(B) Total Gross Farm Income (million dollars) 1970	(A) As a Percentage of (B)	Rank Among States (Highest % to Lowest)
ALABAMA	710	941.9	75.4	25 (T)
ALASKA	4.13	5.3	77.9	14 (T)
ARIZONA	630.87	769.6	82	5
ARKANSAS	1,054.5	1,349.73	78 1	13
CALIFORNIA	3,918.93	5,008.83	78.2	12
COLORADO	1,159.67	1,356.57	85.5	2
CONNECTICUT	132.93	178.97	74.3	27
DELAWARE	120.37	156.53	76.9	20
FLORIDA	994.07	1,452.83	68.4	37
GEORGIA	1,037.1	1,374.4	75.4	25 (T)
HAWAII	180.5	232.66	77.6	15
IDAHO	586.37	767.23	76.4	22
ILLINOIS	2,488.37	3,224.1	77.2	16
INDIANA	1,409.43	1,886.8	74.7	27
IOWA	3,408.67	4,456.7	76.5	21 (T)
KANSAS	1,880.73	2,328.47	80.8	6
KENTUCKY	747.33	1,101.7	67.8	39
LOUISIANA	556.03	769.67	72.4	33
MAINE	200.23	250.47	79.9	8
MARYLAND	342.6	444.6	77	18 (T)
MASSACHUSETTS	132.63	173.4	76.5	21 (T)
MICHIGAN	844.23	1,115.06	75.7	24
MINNESOTA	1,729.87	2,466.13	70.1	36
MISSISSIPPI	826.97	1,144.37	72.3	32 (T)
MISSOURI	1,485.1	1,884.06	78.8	10
MONTANA	531.33	724.56	73.3	31
NEBRASKA	1,910.76	2,376.03	80.4	7
NEVADA	72.67	94.2	77.1	17
NEW HAMPSHIRE	46.37	62.5	74.2	28
NEW JERSEY	214.7	275.46	77.9	14 (T)
NEW MEXICO	408.63	514.3	79.4	9
NEW YORK	890.4	1,234.07	72.2	34
NORTH CAROLINA	1,150.4	1.701.77	67.6	40
NORTH DAKOTA	729.63	1,010.7	72.13	32 (T)
OHIO	1,286.33	1,650.5	77.9	14 (T)
OKLAHOMA	1,034.6	1,258.43	82.2	4 (T)
OREGON	520.2	662.2	78.6	11
PENNSYLVANIA	874.5	1,166.9	74.9	26
RHODE ISLAND	15.23	21.53	70.7	35
SOUTH CAROLINA	407.23	549.2	74.1	29
SOUTH DAKOTA	844.5	1,159.9	72.8	30
TENNESSEE	679.63	891.37	76.2	23
TEXAS	3,297.87	4,013.26	82.2	4 (T)
UTAH	192.57	250.1	77	18 (T)
VERMONT	126.03	174.26	72.3	32 (T)
VIRGINIA	541.87	703.13	77.1	19
WASHINGTON	697.37	948.6	73.5	30
WEST VIRGINIA	114.23	131.97	86.6	1
WISCONSIN	1,230.57	1,800.86	68.3	38
WYOMING	236.13	277.47	85.1	3
UNITED STATES	44,635.33	58,493.66	76.3	

(1)(6) See page 2.17 for definition and explanation of footnotes.

FARM PRODUCTION EXPENSES, BY STATE, 1979(1)(6)
(as a percentage of total gross farm income)

TABLE 6-A

	(A) Farm Production Expenses (million dollars) 1979	(B) Total Gross Farm Income (million dollars) 1979	(A) As a Percentage of (B)	Rank Among States (Highest % to Lowest)	Increase or (Decrease) of 1970 to 197
ALABAMA	1,732.23	2,195.27	78.9	36	3.5
ALASKA	12.63	13.47	93.8	1	15.9
ARIZONA	1,425.6	1,766.83	80.7	32	(1.3)
ARKANSAS	2,548.87	3,309.57	77	37 (T)	(1.1)
CALIFORNIA	9,916.3	12,961.73	76.5	39	(1.7)
COLORADO	2,854.47	3,236.1	88.2	9	2.7
CONNECTICUT	249.23	302.23	82.5	30	8.2
DELAWARE	275.17	358.67	76.7	38	(.2)
FLORIDA	2,673.63	3,927.6	68.1	44	(.3)
GEORGIA	2,637.13	3,059.87	86.2	17	10.8
HAWAII	298.4	453.4	65.8	45	(11.8)
IDAHO	1,661.03	1,999.2	83.1	28	6.7
ILLINOIS	6,817.73	8,146.8	83.7	26 (T)	6.5
INDIANA	4,002.83	4,755.1	84.2	24	9.5
IOWA	9,152.93	10,221.47	89.5	6	13
KANSAS	5,216.66	6,001.06	86.9	14	6.1
KENTUCKY	1,979.93	2,850.33	69.5	43	1.7
LOUISIANA	1,371.93	1,782.3	77	37 (T)	4.6
MAINE	410	469.73	87.3	12	7.4
MARYLAND	847.33	999.27	84.8	21	7.8
MASSACHUSETTS	254.43	330.37	77	37 (T)	.5
MICHIGAN	2,251.17	2,732.86	82.4	31	6.7
MINNESOTA	5,096.23	5,343.67	80.3	34	10.2
MISSISSIPPI	1,396.8	2,369.23	59	46	(13.3)
MISSOURI	3,596.27	4,466.33	80.5	33	1.7
MONTANA	1,409.53	1,580.5	89.2	7	15.9
NEBRASKA	5,585.63	6,023.9	92.7	4	12.3
NEVADA	208.5	236.9	88	10	10.9
NEW HAMPSHIRE	106.13	117.06	90.7	5	16.5
NEW JERSEY	398.87	464.1	85.9	18	8
NEW MEXICO	999.23	1,197.13	83.5	27	4.1
NEW YORK	2,086.7	2,444	85.4	20	13.2
NORTH CAROLINA	2,758.6	3,846.13	71.7	42	4.1
NORTH DAKOTA	2,160.83	2,559.8	84.4	23	12.1
OHIO	3,535.2	4,061.1	87	13	9.1
OKLAHOMA	2,752.03	3,288.6	83.7	26 (T)	1.5
OREGON	1,508.8	1,694.33	89	8	10.4
PENNSYLVANIA	2,225	2,807.53	79.2	35	4.3
RHODE ISLAND	29.43	35.53	82.8	29	12.1
SOUTH CAROLINA	1,005.97	1,173.26	85.7	19	11.6
SOUTH DAKOTA	2,245.8	2,564.83	87.6	11	14.8
TENNESSEE	1,765.57	2,034.53	86.8	15	10.6
TEXAS	8,329.53	9,839.76	84.6	22	2.4
UTAH	497.47	576.2	86.3	16	9.3
VERMONT	290.97	391.16	74.4	41	2.1
VIRGINIA	1,364.67	1,628.46	83.8	25	6.7
WASHINGTON	2,014.13	2,614.6	77	37 (T)	3.5
WEST VIRGINIA	283.03	302.27	93.6	2	7
WISCONSIN	3,615.8	4,760.23	75.9	40	7.6
WYOMING	666.8	717.23	93	3	7.9
UNITED STATES	116,986.66	142,018	82.4		6.1

(1)(6) See page 2.17 for definition and explanation of footnotes.

TAXES LEVIED ON FARM REAL ESTATE, BY STATE[7]

- per acre -
(change between 1970 and 1979)

TABLE 7

	Taxes Per Acre (dollars) 1970	Taxes Per Acre (dollars) 1979	Percent Increase or (Decrease) 1970 to 1979	Rank Among States in Taxes Levied 1970	Rank Among States in Taxes Levied 1979
ALABAMA	.49	.92	87.8	48	45
ALASKA	3.58	5.17	44.4	19	19
ARIZONA	1.50	2.40	60	32	32
ARKANSAS	1.35	2.08	54.1	35	36
CALIFORNIA	8.87	6.52	(26.5)	6	16
COLORADO	.95	1.34	41	42	43 (T)
CONNECTICUT	13.99	18.54	32.5	3	4
DELAWARE	2.23	2.21	(.9)	23	34
FLORIDA	2.98	5.35	79.5	21	18
GEORGIA	1.36	3.15	(31.6)	34	25
HAWAII	1.71	2.93	71.3	28	26
IDAHO	1.60	2.56	.6	29	31
ILLINOIS	7.07	12.61	78.4	7	6
INDIANA	5.43	6.66	22.6	9	14
IOWA	5.87	9.86	52.6	8	9
KANSAS	1.98	2.62	32.3	25 (T)	30
KENTUCKY	1.40	2.16	54.3	33	35
LOUISIANA	1.25	1.79	43.2	37	39
MAINE	3.44	5.50	60	20	17
MARYLAND	5.12	6.53	27.5	10	15
MASSACHUSETTS	12.83	19.76	54	4	2
MICHIGAN	4.67	14.71	215	14	5
MINNESOTA	3.81	4.56	19.7	18	20
MISSISSIPPI	1.03	1.34	30.1	41	43 (T)
MISSOURI	1.84	2.89	57.1	26	28
MONTANA	.64	1.07	67.2	45	44
NEBRASKA	2.02	4.44	119.8	24	21
NEVADA	.52	.52	0	47	48
NEW HAMPSHIRE	4.95	8.48	71.3	11	10
NEW JERSEY	15.56	18.57	19.3	1	3
NEW MEXICO	.25	.25	0	50	49
NEW YORK	4.91	12.56	237.3	12	7
NORTH CAROLINA	1.76	3.43	94.9	27	24
NORTH DAKOTA	1.18	1.85	56.8	39	38
OHIO	4.31	8.27	91.9	16	11
OKLAHOMA	.94	1.52	61.7	43	41
OREGON	1.98	2.79	40.9	25 (T)	29
PENNSYLVANIA	4.51	8.25	82.9	15	12
RHODE ISLAND	14.87	28.10	89	2	1
SOUTH CAROLINA	1.19	2.00	68.1	38	37
SOUTH DAKOTA	1.27	2.37	86.6	36	33
TENNESSEE	1.57	2.90	84.7	30	27
TEXAS	.89	1.45	62.9	44	42
UTAH	1.10	1.63	48.2	40	40
VERMONT	4.04	7.11	76	17	13
VIRGINIA	1.56	3.48	123.1	31	23
WASHINGTON	2.26	4.15	83.6	22	22
WEST VIRGINIA	.55	.77	40	46	46
WISCONSIN	4.72	10.98	132.6	13	8
WYOMING	.37	.59	59.4	49	47
UNITED STATES	2.27	3.57	57.3		

[7] See page 2.17 for definition and explanation of footnotes.

TAXES LEVIED ON FARM REAL ESTATE, BY STATE[7]
- Per $100 of Full Value -
(change between 1970 and 1979)

TABLE 8

	Taxes Per $100 of Full Value (dollars) 1970	Taxes Per $100 of Full Value (dollars) 1979	Percent Increase or (Decrease) 1970 to 1979	Rank Among States in Taxes Levied 1970	Rank Among States in Taxes Levied 1979
ALABAMA	.25	.18	(38.9)	42	43
ALASKA	1.83	.92	(49.7)	5	10
ARIZONA	1.00	1.13	13	23 (T)	6 (T)
ARKANSAS	.52	.30	(42.3)	36	39
CALIFORNIA	1.76	.67	(61.9)	8	16
COLORADO	.96	3.9	(59.4)	24	33
CONNECTICUT	1.52	.86	(43.4)	10	11
DELAWARE	.45	.13	(71.1)	38	45
FLORIDA	.84	.58	(30.9)	26	21 (T)
GEORGIA	.58	.52	(11.5)	32 (T)	25
HAWAII	.58	.35	(39.6)	32 (T)	36
IDAHO	.81	.47	(42)	28	27
ILLINOIS	1.44	.71	(50.7)	12	15
INDIANA	1.34	.44	(67.2)	16	29
IOWA	1.50	.61	(59.3)	11	19
KANSAS	1.25	.60	(52)	18	20
KENTUCKY	.55	.27	(50.9)	33	40
LOUISIANA	.39	.23	(41)	41	42 (T)
MAINE	2.14	1.13	(47.2)	2	6 (T)
MARYLAND	.80	.36	(.55)	29 (T)	35
MASSACHUSETTS	2.27	1.48	(34.8)	1	3
MICHIGAN	1.43	1.54	7.7	13	2
MINNESOTA	1.69	.53	(68.6)	9	24
MISSISSIPPI	.44	.26	(40.9)	39	41
MISSOURI	.82	.43	(47.5)	27	30 (T)
MONTANA	1.03	.56	(45.6)	22	22
NEBRASKA	1.31	.96	(26.7)	17	9
NEVADA	.79	.46	(41.7)	30	28
NEW HAMPSHIRE	2.07	1.06	(48.8)	3	8
NEW JERSEY	1.42	.84	(40.8)	14	12
NEW MEXICO	.53	.23	(56.6)	35 (T)	42 (T)
NEW YORK	1.80	1.95	8.3	7	1
NORTH CAROLINA	.53	.42	(20.7)	35 (T)	31
NORTH DAKOTA	1.21	.58	(52.1)	20 (T)	21 (T)
OHIO	1.08	.55	(49)	21	23
OKLAHOMA	.54	.33	(38.9)	34	38
OREGON	1.24	.80	(35.5)	19	14
PENNSYLVANIA	1.21	.66	(45.4)	20	17
RHODE ISLAND	2.03	1.32	(35)	4 (T)	5
SOUTH CAROLINA	.46	.34	(26.1)	37	37
SOUTH DAKOTA	1.38	.83	(39.8)	15	13
TENNESSEE	.59	.43	(27.1)	31 (T)	30 (T)
TEXAS	.59	.41	(30.5)	31 (T)	32
UTAH	1.00	.49	(51)	23 (T)	26
VERMONT	1.81	1.08	(40.3)	6	7
VIRGINIA	.54	.40	(25.9)	34	34
WASHINGTON	.91	.63	(30.8)	25	18
WEST VIRGINIA	.41	.16	(61)	40	44
WISCONSIN	2.03	1.36	(33)	4 (T)	4
WYOMING	.80	.43	(46.2)	29 (T)	43 (T)
UNITED STATES	1.08	.60	(44.4)		

(7) See page 2.17 for definition and explanation of footnotes.

TAXES ON FARM PROPERTY, BY STATE, 1979 (7)
(as percentage of total gross farm income)

TABLF 9

	Taxes on Farm Property (million dollars) 1979 (A)	Total Gross Farm Income (million dollars) 1979 (B)	(A) As a Percentage of (B)	Rank Among States
ALABAMA	12.23	2,195.27	.56	29
ALASKA	.53	13.47	3.9	8
ARIZONA	32.3	1,766.83	1.8	23 (T)
ARKANSAS	43.5	3,309.57	1.3	27 (T)
CALIFORNIA	231.7	12,961.73	1.8	23 (T)
COLORADO	55.3	3,236.1	1.7	24
CONNECTICUT	9.77	302.23	3.2	13 (T)
DELAWARE	3.17	358.67	.9	30 (T)
FLORIDA	83.43	3,923.6	2.1	20 (T)
GEORGIA	62.63	3,059.87	2.0	21 (T)
HAWAII	6.43	453.4	1.4	26 (T)
IDAHO	46.37	1,999.2	2.3	19
ILLINOIS	367.9	8,146.8	4.5	6
INDIANA	139.57	4,755.1	2.9	15 (T)
IOWA	302.13	10,221.47	2.9	15 (T)
KANSAS	177.1	6,001.06	3.0	14
KENTUCKY	46.87	2,850.33	1.6	25 (T)
LOUISIANA	23.4	1,782.3	1.3	27 (T)
MAINE	12.33	469.73	2.6	17 (T)
MARYLAND	18.3	999.27	1.9	22
MASSACHUSETTS	14.47	252.43	5.7	1 (T)
MICHIGAN	147.9	2,732.86	5.4	3 (T)
MINNESOTA	129.7	6,343.67	2.0	21 (T)
MISSISSIPPI	28.8	2,369.23	1.2	28
MISSOURI	116.8	4,466.33	2.6	17 (T)
MONTANA	88.53	1,580.5	5.6	2
NEBRASKA	219.87	6,023.9	3.6	10 (T)
NEVADA	4.6	236.9	.9	30 (T)
NEW HAMPSHIRE	5.47	117.06	4.7	5
NEW JERSEY	25.2	464.1	5.4	3 (T)
NEW MEXICO	15.4	1,197.13	1.3	27 (T)
NEW YORK	124.33	2,444	5.1	4
NORTH CAROLINA	52.87	3,846.13	1.4	26 (T)
NORTH DAKOTA	75.3	2,559.8	2.9	15 (T)
OHIO	131.43	4,061.1	3.3	12
OKLAHOMA	65.83	3,288.6	2.0	21 (T)
OREGON	60.83	1,694.33	3.6	10 (T)
PENNSYLVANIA	71.23	2,807.53	2.5	18 (T)
RHODE ISLAND	2.03	35.53	5.7	1 (T)
SOUTH CAROLINA	16.63	1,173.26	1.4	26 (T)
SOUTH DAKOTA	98.27	2,564.83	3.8	9
TENNESSEE	42.43	2,034.53	2.1	20 (T)
TEXAS	245.47	9,839.76	2.5	18 (T)
UTAH	19.43	576.2	3.4	11
VERMONT	12.4	391.16	3.2	13 (T)
VIRGINIA	44.3	1,628.46	2.7	16 (T)
WASHINGTON	71.67	2,614.6	2.7	16 (T)
WEST VIRGINIA	4.83	302.27	1.6	25 (T)
WISCONSIN	205.6	4,760.23	4.3	7
WYOMING	27.77	717.23	2.5	18 (T)
UNITED STATES	3834.67	142,018	2.7	

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(7) See page 2.17 for definition and explanation of footnotes.

TAXES ON FARM PROPERTY, BY STATE, 1979[7]
(as percentage of total net farm income)

TABLE 10

	Taxes on Farm Property (million dollars) 1979 (A)	Total Net Farm Income (million dollars) 1979 (B)	(A) As a Percentage of (B)	Rank Among States
ALABAMA	12.23	484.8	2.5	45
ALASKA	.53	1.3	40.8	1
ARIZONA	32.3	432.53	7.5	36
ARKANSAS	43.5	877.87	5.0	39
CALIFORNIA	231.7	3,488.06	6.6	35
COLORADO	55.3	467.6	11.8	27
CONNECTICUT	9.77	63.14	15.5	20 (T)
DELAWARE	3.17	87.58	3.6	44
FLORIDA	83.43	1,365.5	6.1	38
GEORGIA	62.63	504.06	12.4	25
HAWAII	6.43	160.23	4.0	43
IDAHO	46.37	432.07	10.7	32 (T)
ILLINOIS	367.9	1,485.83	24.8	8
INDIANA	139.57	910.87	15.3	21
IOWA	302.13	1,664.54	18.2	15
KANSAS	177.1	1,007.5	17.6	16
KENTUCKY	46.87	874.6	5.4	37 (T)
LOUISIANA	23.4	436	5.4	37 (T)
MAINE	12.33	79.74	15.5	20 (T)
MARYLAND	18.9	185.57	10.2	34
MASSACHUSETTS	14.47	92.48	15.6	19
MICHIGAN	147.9	681.8	21.7	10
MINNESOTA	129.7	1,467.83	8.8	34
MISSISSIPPI	28.8	544.57	5.3	40
MISSOURI	116.8	912.8	12.8	23
MONTANA	88.53	246.26	35.9	3
NEBRASKA	219.87	775.4	28.4	5
NEVADA	4.6	40.93	11.2	30
NEW HAMPSHIRE	5.47	15.04	36.4	2
NEW JERSEY	25.2	90.37	27.9	6
NEW MEXICO	15.4	210.33	7.3	35
NEW YORK	124.33	530.83	23.4	9
NORTH CAROLINA	52.87	1,172.44	4.5	42
NORTH DAKOTA	75.3	397.8	18.9	13
OHIO	131.43	749.4	17.5	17
OKLAHOMA	65.83	554.56	11.9	28
OREGON	60.83	314.93	19.3	12
PENNSYLVANIA	71.23	685.9	10.4	31
RHODE ISLAND	2.03	8.13	25	7
SOUTH CAROLINA	16.63	154.5	10.8	29
SOUTH DAKOTA	98.27	479.87	20.5	11
TENNESSEE	42.43	301.93	14.1	22
TEXAS	245.47	1,810.7	13.6	24
UTAH	19.43	105.88	18.4	14
VERMONT	12.4	115.43	10.7	32 (T)
VIRGINIA	44.3	353.9	12.5	26
WASHINGTON	71.67	764.1	9.4	33
WEST VIRGINIA	4.83	30.76	15.7	18
WISCONSIN	205.6	1,479.76	13.9	23
WYOMING	27.77	68.4	30.0	4
UNITED STATES	3834.67	30,172.97	12.7	

[7] See page 2.17 for definition and explanation of footnotes.

FARM DEBT-TO-ASSET RATIO, BY STATE[8]
(change between 1977 and 1980)

TABLE 1

	Debt-To-Asset Ratio (percent) 1977	Debt-To-Asset Ratio (percent) 1980	% Increase or Decrease from 1977 to 1980	Rank Among States in % of Increase	Rank Among State Highest to Lowes Ratio, 1980
ALABAMA	16.0	16.1	.6	22	18 (T)
ALASKA	5.7	6.2	8.8	10	42
ARIZONA	14.2	12.6	(11.3)	dec.	30 (T)
ARKANSAS	18.8	16.8	(10.6)	dec.	16
CALIFORNIA	25.3	22.5	(11.1)	dec.	1
COLORADO	21.8	21.4	(1.8)	dec.	3
CONNECTICUT	13.4	13.5	.75	21	28
DELAWARE	12.5	15.1	20.8	1	23 (T)
FLORIDA	15	15.3	20	2	22
GEORGIA	20.9	21.9	4.8	15	2 (T)
HAWAII	6.3	5.6	(11.1)	dec.	41
IDAHO	20.8	19.4	(6.7)	dec.	6
ILLINOIS	10.7	12.1	13	7	32
INDIANA	14.7	15.1	2.7	18	23 (T)
IOWA	14.5	15.6	7.6	12	20
KANSAS	17.4	17.3	(.6)	dec.	14
KENTUCKY	18.3	17.9	(2.2)	dec.	12
LOUISIANA	16.3	15.4	(5.5)	dec.	21
MAINE	20.6	21.9	6.3	13	2 (T)
MARYLAND	12.8	11.5	(10.2)	dec.	33
MASSACHUSETTS	13.6	16.1	18.4	3	18 (T)
MICHIGAN	17.0	18.6	9.4	9	10 (T)
MINNESOTA	16.9	19	12.4	8	9
MISSISSIPPI	19.7	18.4	(6.6)	dec.	11
MISSOURI	15.5	14.5	(6.4)	dec.	26
MONTANA	16.8	16.2	(3.6)	dec.	17
NEBRASKA	17.9	19.3	7.8	11 (T)	7
NEVADA	15.6	11.4	(27)	dec.	34
NEW HAMPSHIRE	13.1	10.5	(19.8)	dec.	37
NEW JERSEY	12.2	10.9	(10.6)	dec.	35
NEW MEXICO	14.8	10.8	(27)	dec.	36
NEW YORK	18.4	21.1	14.7	6	4
NORTH CAROLINA	16.9	17.2	1.8	19	15
NORTH DAKOTA	13.6	15.8	16.2	5	19
OHIO	12.5	12.6	.8	20	30 (T)
OKLAHOMA	17.8	16.1	(9.6)	dec.	18 (T)
OREGON	20.3	19.1	(5.9)	dec.	8 (T)
PENNSYLVANIA	11.9	12.4	4.2	16	31
RHODE ISLAND	8.8	8.2	6.8	12	40
SOUTH CAROLINA	16.9	17.6	4.1	17	13 (T)
SOUTH DAKOTA	17.7	20.6	16.4	4	5
TENNESSEE	18.1	17.6	(2.8)	dec.	13 (T)
TEXAS	14.8	12.9	(12.8)	dec.	29
UTAH	12.0	9.1	(24.2)	dec.	38
VERMONT	18.3	14.8	(19.1)	dec.	25
VIRGINIA	12.8	13.8	7.8	11 (T)	27
WASHINGTON	18.0	19.1	6.1	14	8 (T)
WEST VIRGINIA	9.6	8.6	(10.4)	dec.	39
WISCONSIN	18.6	18.6	0	---	10 (T)
WYOMING	15.9	15	(.6)	dec.	24

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[8] See page 2.17 for definition and explanation of footnotes.

TABLE 12

		1970[1]	1979[1]	Percent of increase/ (Decrease)
DAIRY				
MILK				
Production (million lbs.)	New York	10,444	10,664	2.5
	U.S.	117,227	124,432	6.2
U.S. Per Capita Consumption (pounds)		265	236	(10.9)
Total U.S. Civilian Consumption (million pounds)		53,597	52,702	(1.7)
BUTTER				
Production (thousand lbs.)	New York	47,304	39,372	(16.8)
	U.S.	1,132,934	1,041,383	(8)
U.S. Per Capita Consumption (pounds)		5.3	4.6	(13.5)
Total U.S. Civilian Consumption (million pounds)		1,060	994	(6.3)
CHEESE, All except cottage				
Production (thousand lbs.)	New York	160,336	302,302	88.5
	U.S.	2,187,814	3,740,002	70.9
U.S. Per Capita Consumption (pounds)		11.5	17.5	52
Total U.S. Civilian Consumption (million pounds)		2,328	3,836	65
POULTRY				
EGGS				
Production (million)	New York	2,307	1,796	(22.2)
	U.S.	68,469	68,677	.3
U.S. Per Capita Consumption (number)		310	280	(9.8)
Total U.S. Civilian Consumption (million)		62,608	61,164	(2.3)

[1] See page 2.17 for definition and explanation of footnotes.

TABLE 13

PRODUCTION AND CONSUMPTION
BETWEEN 1970 AND 1979

- DAIRY
- POULTRY

COMMODITY	MILK	BUTTER	CHEESE (excluding cottage)	EGGS
NEW YORK STATE'S RANK IN PRODUCTION AMONG STATES, BY VOLUME (1980)	3rd	5th	3rd	14th
NEW YORK STATE'S PRODUCTION AS A PERCENTAGE OF TOTAL U.S. PRODUCTION, BY VOLUME (1978-79-80, averaged)	9 %	4%	8 %	3%
PERCENT CHANGE IN NEW YORK STATE PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 2.5%	DOWN 17%	UP 88%	DOWN 22%
PERCENT CHANGE IN U.S. PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 6%	DOWN 8%	UP 71%	UP .3%
NEW YORK STATE INCREASE AS A PERCENTAGE OF THE U.S. INCREASE (between 1970 - 1979)	4%	N.A.	9%	0
PERCENT CHANGE IN PER CAPITA U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	DOWN 11%	DOWN 14%	UP 52%	DOWN 10%
PERCENT CHANGE IN TOTAL U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	DOWN 2%	DOWN 6%	UP 65%	DOWN 2%

TABLE 14

VEGETABLES FOR FRESH MARKET

		1970[1]	1979[1]	Percent of Increase/ (Decrease)
CARROTS				
Production (thousand cwt.)...........	New York	673	348	(48.3)
	U.S.	11,264	11,778	4.6
U.S. Per Capita Consumption (pounds).............		6	6.03	negligible
Total U.S. Civilian Consumption (million pounds)..		1,212	1,338	10.9
CAULIFLOWER				
Production (thousand cwt.)...........	New York	269	280	9.6
	U.S.	1,417	2,415	70.4
U.S. Per Capita Consumption (pounds).............		.77	1.27	64.5
Total U.S. Civilian Consumption (million pounds)..		155.5	238.2	82
CELERY				
Production (thousand cwt.)...........	New York	555	292	(52.7)
	U.S.	15,743	17,820	13.2
U.S. Per Capita Consumption (pounds).............		7.27	7.33	.8
Total U.S. Civilian Consumption (million pounds)..		1,468.5	1,634.6	11.3
CUCUMBERS				
Production (thousand cwt.)...........	New York	270	309	14.2
	U.S.	4,409	5,998	36
U.S. Per Capita Consumption (pounds).............		3.2	4.3	35
Total U.S. Civilian Consumption (million pounds)..		640.37	952.21	48.7
LETTUCE				
Production (thousand cwt.)...........	New York	743	722	(2.9)
	U.S.	46,260	61,600	33
U.S. Per Capita Consumption (pounds).............		22.9	26.9	17.5
Total U.S. Civilian Consumption (million pounds)..		4,625.8	5,998.7	29.7

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[1] See page 2.17 for definition and explanation of footnotes.

TABLE 15

VEGETABLES FOR FRESH MARKET (continued)

	1970[1]	1979[1]	Percent of Increase/ (Decrease)
SNAP BEANS			
Production (thousand cwt.)...........New York	266	242	(9)
U.S.	3,169	2,964	(6.4)
U.S. Per Capita Consumption (pounds)..............	1.7	1.4	(17.6)
Total U.S. Civilian Consumption (million pounds)..	343.4	312.2	(9.1)
STRAWBERRIES			
Production (thousand cwt.)...........New York	60	130	116
U.S.	3,241	4,653	43.6
U.S. Per Capita Consumption (pounds)..............	1.8	2.0	11
Total U.S. Civilian Consumption (million pounds)..	363.6	446	22.7
SWEET CORN			
Production (thousand cwt.)...........New York	1,166	1,454	24.7
U.S.	12,917	13,967	8.1
U.S. Per Capita Consumption (pounds)..............	7.8	7.3	(6.4)
Total U.S. Civilian Consumption (million pounds)..	1,575.6	1,627.9	3.3
TOMATOES			
Production (thousand cwt.)...........New York	437	379	(13.4)
U.S.	18,437	23,717	28.6
U.S. Per Capita Consumption (pounds)..............	11.9	13.2	11
Total U.S. Civilian Consumption (million pounds)..	2,395.7	2,936.9	22.6
CABBAGE			
Production (thousand cwt.)...........New York	1,928	3,142	63
U.S.	18,658	19,451	4.2
U.S. Per Capita Consumption (pounds)..............	8.97	8.93	negligible
Total U.S. Civilian Consumption (million pounds)..	1,881.94	1,991.39	9.9

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[1] See page 2.17 for definition and explanation of footnotes.

TABLE 16

VEGETABLES FOR FRESH MARKET (continued)

ONIONS		1970[1]	1979[1]	Percent of Increase/ (Decrease)
Production (thousand cwt.)...........	New York	4.902	5,040	2.8
	U.S.	29,510	36,084	22.3
U.S. Per Capita Consumption (pounds)..............		11.5	11.9	3.8
Total U.S. Civilian Consumption (million pounds)..		2,323	2,654	14.2

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[1] See page 2.17 for definition and explanation of footnotes.

TABLE 17

PRODUCTION AND CONSUMPTION
BETWEEN 1970 AND 1979

FRESH MARKET VEGETABLES

COMMODITY	CARROTS (fresh market)	CAULIFLOWER (fresh market)	CELERY (fresh market)	CUCUMBERS (fresh market)	LETTUCE (fresh market)	SNAP BEANS (fresh market)	STRAWBERRIES (fresh market)	SWEET CORN (fresh market)
NEW YORK STATE'S RANK IN PRODUCTION AMONG STATES, BY VOLUME (1980)	8th	3rd	4th	4th	6th	3rd	3rd	2nd
NEW YORK STATE'S PRODUCTION AS A PERCENTAGE OF TOTAL U.S. PRODUCTION, BY VOLUME (1978-79-80, averaged)	3%	12%	2%	5%	1%	8%	3%	11%
PERCENT CHANGE IN NEW YORK STATE PRODUCTION, BY VOLUME (between 1970 - 1979)	DOWN 48%	UP 10%	DOWN 53%	UP 14%	DOWN 3%	DOWN 9%	UP 116%	UP 25%
PERCENT CHANGE IN U.S. PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 5%	UP 73%	UP 13%	UP 36%	UP 33%	DOWN 6%	UP 44%	UP 8%
NEW YORK STATE INCREASE AS A PERCENTAGE OF THE U.S. INCREASE (between 1970 - 1979)	0	2%	0	3%	0	N.A.	5%	3%
PERCENT CHANGE IN PER CAPITA U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	Neg.	UP 64%	UP 1%	UP 35%	UP 17%	DOWN 18%	UP 11%	DOWN 6%
PERCENT CHANGE IN TOTAL U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	UP 11%	UP 82%	UP 11%	UP 49%	UP 30%	DOWN 9%	UP 23%	UP 3%

N.A. - Not applicable; both New York and U.S. production decreased.
Neg. - Negligible.

TABLE 18

PRODUCTION AND CONSUMPTION
BETWEEN 1970 AND 1979

FRESH MARKET VEGETABLES

COMMODITY	TOMATOES (fresh market)	CABBAGE (fresh market)	ONIONS (fresh market)						
NEW YORK STATE'S RANK IN PRODUCTION AMONG STATES, BY VOLUME (1980)	7th	3rd	3rd						
NEW YORK STATE'S PRODUCTION AS A PERCENTAGE OF TOTAL U.S. PRODUCTION, BY VOLUME (1978-79-80, averaged)	2%	16%	14%						
PERCENT CHANGE IN NEW YORK STATE PRODUCTION, BY VOLUME (between 1970 - 1979)	DOWN 13%	UP 63%	UP 3%						
PERCENT CHANGE IN U.S. PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 29%	UP 4%	UP 22%						
NEW YORK STATE INCREASE AS A PERCENTAGE OF THE U.S. INCREASE (between 1970 - 1979)	0	100%	2%						
PERCENT CHANGE IN PER CAPITA U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	UP 11%	Neg.	UP 4%						
PERCENT CHANGE IN TOTAL U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	UP 23%	UP 10%	UP 14%						

Neg. - Negligible

TABLE 19

VEGETABLES FOR PROCESSING

		1970[1]	1979[1]	Percent of Increase/ (Decrease)
BEETS				
Production (tons)	New York	73,333	72,243	(1.5)
	U.S.	204,983	225,563	10
U.S. Per Capita Consumption (pounds)		1.47	1.20	(18.4)
Total U.S. Civilian Consumption (million pounds)		296.94	267.60	(9.9)
CABBAGE				
Production (tons)	New York	84,783	83,830	(1.1)
	U.S.	241,183	221,497	(8.2)
U.S. Per Capita Consumption (pounds)		1.5	1.2	(22)
Total U.S. Civilian Consumption (million pounds)		303	261	(14)
GREEN PEAS				
Production (tons)	New York	8,750	9,533	8.9
	U.S.	513,867	518,406	.8
U.S. Per Capita Consumption (pounds)		5.75	4.95	(13.9)
Total U.S. Civilian Consumption (million pounds)		1,161.5	1,103.8	(5)
SNAP BEANS				
Production (tons)	New York	98,883	109,107	10.4
	U.S.	578,842	729,607	26
U.S. Per Capita Consumption (pounds)		6.82	7.00	3
Total U.S. Civilian Consumption (million pounds)		1,377.6	1,561	13.3
SWEET CORN				
Production (tons)	New York	54,650	98,203	79.7
	U.S.	2,017,250	2,346,563.3	16.3
U.S. Per Capita Consumption (pounds)		7.71	7.68	1.4
Total U.S. Civilian Consumption (million pounds)		1,529.14	1,712.6	12

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[1] **See page 2.17 for definition and explanation of footnotes.**

TABLE 20

PRODUCTION AND CONSUMPTION
BETWEEN 1970 AND 1979

VEGETABLES FOR PROCESSING

COMMODITY	BEETS (processing)	CABBAGE FOR KRAUT (processing)	GREEN PEAS (processing)	SNAP BEANS (processing)	SWEET CORN (processing)				
NEW YORK STATE'S RANK IN PRODUCTION AMONG STATES, BY VOLUME (1980)	2nd	1st	6th	3rd	7th				
NEW YORK STATE'S PRODUCTION AS A PERCENTAGE OF TOTAL U.S. PRODUCTION, BY VOLUME (1978-79-80, averaged)	32%	38%	2%	15%	4%				
PERCENT CHANGE IN NEW YORK STATE PRODUCTION, BY VOLUME (between 1970 - 1979)	DOWN 2%	DOWN 1%	UP 9%	UP 10%	UP 80%				
PERCENT CHANGE IN U.S. PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 10%	DOWN 8%	UP 1%	UP 26%	UP 16%				
NEW YORK STATE INCREASE AS A PERCENTAGE OF THE U.S. INCREASE (between 1970 - 1979)	0	N.A.	17%	7%	13%				
PERCENT CHANGE IN PER CAPITA U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	DOWN 18%	DOWN 22%	DOWN 14%	UP 3%	DOWN 2%				
PERCENT CHANGE IN TOTAL U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	DOWN 10%	DOWN 14%	DOWN 5%	UP 13%	UP 12%				

Neg. - Negligible.

TABLE 21

FRUIT

		1970[1]	1979[1]	Percent of Increase/ (Decrease)
APPLES, fresh and processing				
Production (million pounds)...........	New York	992.2	1,072	8
	U.S.	6,531	8,189	25.4
U.S. Per Capita Consumption (pounds)..............		28.4	29.4	3.5
Total U.S. Civilian Consumption (million pounds)..		5,746.9	6,567.3	14.3
GRAPES, fresh and processing				
Production (tons)...........	New York	158,000	176,000	11.4
	U.S.	3,665,087	5,050,267	37.8
U.S. Per Capita Consumption (pounds)..............		3.4	4.1	20.6
Total U.S. Civilian Consumption (million pounds)..		686.8	914.3	33
PEARS				
Production (tons)...........	New York	16,300	17,900	9.8
	U.S.	674,832	823,917	22.1
U.S. Per Capita Consumption (pounds)..............		4.0	4.4	10
Total U.S. Civilian Consumption (million pounds)..		808	981.2	21.4
SWEET CHERRIES				
Production (tons)...........	New York	5,700	4,267	(25.2)
	U.S.	130,620	107,153	30.1
U.S. Per Capita Consumption (pounds)..............		.5	.6	20
Total U.S. Civilian Consumption (million pounds)..		129,493	168,303	30
TART CHERRIES				
Production (million pounds)...........	New York	34.93	25.53	(26.9)
	U.S.	280.4	189.9	(32.3)
U.S. Per Capita Consumption (pounds)..............		1.5	1.0	(33)
Total U.S. Civilian Consumption (million pounds)..		271.4	189.3	(30.3)

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[1] See page 2.17 for definition and explanation of footnotes.

TABLE 22

PRODUCTION AND CONSUMPTION BETWEEN 1970 AND 1979

FRUIT

OTHER
- Potatoes
- Dry Beans
- Corn for Grain

COMMODITY	APPLES (fresh and processi	GRAPES (fresh and processing	PEARS (fresh and processing	SWEET CHERRIES	TART CHERRIES	POTATOES	DRY BEANS	CORN (for grains)
NEW YORK STATE'S RANK IN PRODUCTION AMONG STATES, BY VOLUME (1980)	2nd	2nd	4th	5th	2nd	10th	10th	17th
NEW YORK STATE'S PRODUCTION AS A PERCENTAGE OF TOTAL U.S. PRODUCTION, BY VOLUME (1978-79-80, averaged)	13%	4%	2%	3%	14%	4%	2%	.8%
PERCENT CHANGE IN NEW YORK STATE PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 8%	UP 12%	UP 10%	DOWN 25%	DOWN 27%	DOWN 25%	DOWN 33%	UP 92%
PERCENT CHANGE IN U.S. PRODUCTION, BY VOLUME (between 1970 - 1979)	UP 25%	UP 38%	UP 22%	UP 30%	DOWN 32%	UP 5%	UP 25%	UP 51%
NEW YORK STATE INCREASE AS A PERCENTAGE OF THE U.S. INCREASE (between 1970 - 1979)	5%	1%	1%	0	N.A.	0	0	1.2%
PERCENT CHANGE IN PER CAPITA U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	3.5%	UP 21%	UP 10%	UP 20%	DOWN 33%	UP 4%	Neg.	UP 61%
PERCENT CHANGE IN TOTAL U.S. CONSUMPTION, BY VOLUME (between 1970 - 1979)	UP 14%	UP 33%	UP 21%	UP 30%	DOWN 30%	UP 15%	UP 10%	UP 68%

N.A. - Not applicable; New York and U.S. production decreased.
Neg. - Negligible

TABLE 23

OTHER

		1970[1]	1979	Percent of Increase/ (Decrease)
POTATOES				
Production (thousand cwt.)	New York	16,078	12,079	(24.8)
	U.S.	319,208	336,606	5.4
U.S. Per Capita Consumption (pounds)		118.5	123	4
Total U.S. Civilian Consumption (million pounds)		23,937	27,429	14.6
DRY BEANS				
Production (thousand cwt.)	New York	771	517	(33)
	U.S.	17,417	21,837	25.4
U.S. Per Capita Consumption (pounds)		6.23	6.24	negligible
Total U.S. Civilian Consumption (million pounds)		1,258.5	1,389.3	10.4
CORN (for grain)				
Production (thousand bushels)	New York	31,072	59,763	92.4
	U.S.	4,828,520	7,284.760	51
U.S. Per Capita Consumption (pounds)		32.4	52.1	61
Total U.S. Civilian Consumption (million bushels)		220	370	68

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[1] See page 2.17 for definition and explanation of footnotes.

Senator D'AMATO. How big a problem does this consignment issue raise? Is it the gravamen of the situation? If the Canadians were not allowed to sell on consignment as they do, if they were precluded from that, how beneficial would that be?

Mr. McCANN. There are no legal restrictions to prevent our growers from shipping commodities into Canada on a consignment basis, but there are, however, several practical and economic reasons which discourage them from doing so.

One, our growers would invite too much economic risk in shipping commodities into Canada on a consignment basis. Without a specific contract with a specific buyer beforehand, they have absolutely no guarantee that the commodity will be sold at a price sufficient to even cover the cost of transportation, let alone producing it.

Canadian growers are in a no lose situation. By consigning their produce to a buyer here or a broker, even if it is sold at a loss, the Canadian grower can recoup that loss in the form of a direct subsidy from the Canadian Government.

One of Canada's many assistance programs is direct subsidy payments to producers under certain conditions. Farmers are guaranteed a price of at least 90 percent of a commodity's average price over the last 5 years. Thus, to receive a direct Government subsidy, a Canadian producer must document a low price. This is easily done by presenting the bill of sale from the U.S. buyer or broker.

Senator, it is a no lose situation.

Senator D'AMATO. If I take a potato that can only bring back $2 a hundredweight, to use that as an example, it would be absolutely impossible for a New York farmer to ship because the cost of shipping would be $2——

Mr. McCANN. It would be more than that.

Senator D'AMATO. As a Canadian farmer I ship that product down to the New York market and sell it for $2. I am now reimbursed at 90 percent of the average price over 5 years. The average price having been $10, I get $9 less the $2. I am going to get $7.

Mr. McCANN. You are in a no lose situation.

Senator D'AMATO. Plus, they subsidize transportation.

Mr. McCANN. And their storage and many other cost factors.

Senator D'AMATO. At least my transportation cost, which usually costs $2, is also reduced.

They can with impunity produce extra and just dump it at whatever price on the market. They can sell it for a dollar. They can sell it for 50 cents. There is no way you can compete with that because it is going to cost you more to ship the product.

Mr. McCANN. Absolutely.

Senator D'AMATO. Therefore, you plow it under. Before long, you are plowed under.

Mr. McCANN. That has already happened. It has already happened with our lettuce products in this State.

Mr. O'NEIL. Senator, may I add something?

Senator D'AMATO. Certainly.

Mr. O'NEIL. Your point on consignment is well taken because that is essentially where they are really beating us back. They are beating our industry back.

Senator D'AMATO. They just dump it right on the market.

Mr. O'Neil. They have the market situation where we have the terminal markets and our brokers realize, with all those subsidies, with that situation, they are more than happy to buy the Canadian products. Then we have our Trade and Tariff Act that takes forever and a day to investigate.

Back when Ambassador Brock called for the International Commission to do it in 1982, with regard to the Maine potato farmers, the request that he made was in February 1982. It was on into August 1982, I think, before the Commission managed to get its material together. All they did in that 6 months was gather the information that became the basis for the Maine suit. In the meantime, we were lost. It took so long just to get the information.

First of all, before the Maine farmers complained, there was a period of time during which they realized they were at a disadvantage. Then there was a time period the International Commission studied it. The whole thing just took so absolutely long.

They can come in here with our terminal markets and our brokers and realize they can buy cheap and sell at the same price, as if they bought from our farmers. They are not going to complain, and they are going to buy from the Canadian side. Consignment is killing us.

Senator D'Amato. In other words, an added assistant is the broker who says he knows he has them because all they have to do is consummate the sale. They do not really care if it is $2 or $3 because they have a 90-percent hedge. It does not mean anything. Isn't that right? It is no difference to them whether they sell it for $2, $3, $4, or $5 because they are going to get 90 percent of the 5-year average. Therefore, the difference to them is pennies. Is that right?

Mr. McCann. Our buyers are willing to gamble because of our strong dollar. That is another big factor.

Mr. O'Neil. If they sell at 10 cents less than ours and they have a 23-cent advantage on a dollar, they are still earning 13 cents more than they would in their own country, even if they sell at 10 cents less on a dollar.

Senator D'Amato. Even if they sell at 10 cents less, given the 23-cent exchange rate, that is a built-in.

Mr. O'Neil. We need to get something like the fast-track system in order to rectify the problem. They are causing injury. They are able to establish it on price alone, whereas we have to establish, supposedly we have to establish, something much more than that. We have to show the volume of import. They are doing it very rapidly. Our Government, our agencies, are not using the same type of information. As you indicated earlier, we are just not doing the same thing for our farmers.

Senator D'Amato. Gentlemen, let me indicate to you before we close this hearing my deep appreciation for your testimony and for your perspicacity in view of the wall of bureaucracy that exists. You sit there and you say you sometimes feel as if you are spinning your wheels.

I know that Congressman Gilman is deeply involved and concerned. Some of our other Congressmen are beginning to become concerned. Senator Cohen is, indeed, very much involved and has lived with this problem as a former Congressman and now a Senator from Maine.

I think this is the tip of the iceberg. If we cannot demonstrate fairness, and insist on it, with our allies, with our neighbors, no matter who they may be, why we are in deep trouble. We have the right and the obligation to insist upon it.

Trade has to be equitable. It has to put people in harmony. You cannot have a tilted playing field where you have to run up that field and the other guy is coming down. That is just not in the cards.

I hope we can develop enough support to bring about the kind of legislative initiative which is needed. Unfortunately, that takes time, too much time.

Let me suggest to you that one of those recommendations that I found very interesting in your testimony was with respect to either the Finance Committee or the Ways and Means Committee triggering the Tariff Act of 1930. I am going to commend that to my staff's attention and to that of Congressman Gilman and some of the others in the New York delegation, that they direct a review of that to see whether or not we might be better able to build a body of support that would bring that about much quicker than any legislative action.

I must share with you this thought: To pass a bill in the Congress of the United States where the administration and the bureaucracy are not in sympathy becomes almost an impossibility. Notwithstanding the fact that we might get the bill passed, we have the problem of its surviving a veto which would probably be recommended by the trade people, by the Treasury Department, by the Secretary of State, and by the Secretary of Defense. The Defense Department would recommend a veto because they are worried about bases and interrelation cooperation. That is what happens.

That is why we have an imbalance today of maybe up to $80 billion a year. We have not had anybody watching out for the bottom line, for the farmer, for the agricultural industry, for the steel industry, for all of the industrial areas of concern in the United States over the years.

I am not suggesting to you that we should subsidize outmoded methods of production, but the American farmer certainly does not fit into the same area that the steel giants or the oil industry do. If anything, they have increased their productivity, their return on the dollar, every measurable aspect, so that it is not fat and sloppy and taking advantage of anything. It has led those areas of the industry in this Nation in terms of real productivity.

Certainly when that kind of industry begins to suffer, one that has been competitive, one that has given to American consumers the widest array of agricultural commodities and food products to choose from at the cheapest prices in the world, and we begin to suffer, that just epitomizes the problem.

I believe it is absolutely essential that we have a department, not just the Congress, that deals just with this area of trade. It has to have the rank of a Cabinet member. Otherwise, all of these other competing forces come into play, and you are just a group of little farmers who are yelling and, after all, we cannot lose a base in

Newfoundland or we cannot lose a strategic port or agreement of cooperation with respect to how we are going to handle policy in the UN. I could go right down the line.

It seems to me that for too many years, the last 3 decades, the last 30 years, that is what has been taking place.

Before we close the hearing, I would like to introduce into the record the testimony of the cooperative extensive program of Onondaga County as it relates to the problem that you gentlemen testified to, horticulture, flowers, et cetera, which are also part of that problem.

I would indicate to them that any efforts we will attempt to seek will cover this industry in New York as well.

If there are any concluding remarks or observations that you gentlemen would like to make, the record will be kept open. It will be kept open for any additional testimony for the next 2 weeks which the people in the farming community or the consumer community might wish to submit.

This subcommittee stands in recess.

[Material follows:]

Prepared for a hearing on: (315)424-9485

"The Impact of Canadian Imports on Agricultural Produce Produced in Central New York"

Conducted by: U.S. Senator Alfonse D'Amato
September 9, 1983
10:00 a.m.
Room 300C, Federal Building
Syracuse, New York

The agricultural industry in the four county Central New York area of Cayuga, Madison, Onondaga and Oswego counties is a $162,000,000 industry as measured in gross receipts at the farm. (See attached addendum #1.) The industry can be characterized as diverse and fresh market oriented. Approximately 75% of the industry is composed of dairy, field crops and poultry egg production. The other 25% is composed of greenhouse, vegetable, tree fruit, nursery and Christmas tree crops. My comments will be restricted to the latter 25% of the agricultural industry involved in the production of horticultural crops in this four county area.

These horticultural crop producers, like many other small businesses throughout the United States, have had severe cash flow problems over the last five years. Many of these problems have been brought on by high interest rates and a general escalation in the cost of inputs. In addition, some of these producers have suffered severe crop losses due to adverse weather (i.e., a 50% reduction in the 1981 tree fruit crop) and intense competition from Canadian imports. The 722,269 (1980 Census) residents living in this four county area are an easy one and one-half hour ride by interstate highway from the Canadian border and offer an excellent market for fresh produce from Canada. District number 7 of the U.S. Census Bureau reporting area includes many ports of entry from Canada to this four county Central New York area. In 1982, for example, Canadian imports through District number 7 ports for these horticultural crops was in excess of $2,000,000.[1]

Because of the proximity and ease of access to this area from the Canadian border, most of these imports were marketed locally in direct competition with local producers of the same product.

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[1] Source: U.S. Census Bureau Publication and Trade Information Branch
(See attached addendum #2)

I, as an educator representing Cooperative Extension, have two major concerns about the impact of Canadian imports on horticultural crop producers in this four county area of Central New York.

1. Much of the $2,000,000 or more of Canadian produce marketed through District number 7 ports in 1982 was money taken away from our own Central New York economic base provided by these local horticultural businesses. New York needs to protect its industrial base if it is to remain healthy.

2. In addition to the normal problems of small business during these hard economic times, some of these horticultural producers have had severe crop losses due to adverse weather as well as competing with Canadian produce that enjoys an approximately 20% discounted money exchange advantage and is subsidized in its production by the Canadian government. It seems to me that we shouldn't make it more difficult than it already is for these producers to survive.

I would, therefore, support some kind of restrictions that would be placed on the importing of Canadian horticultural products that would help to protect United States horticultural crop producers all along the Canadian border.

Submitted by: Walter G. Neuhauser
Cooperative Extension Agent
Onondaga County
Syracuse, New York 13204

Addendum #1

4-COUNTY AGRICULTURE

County	Cayuga	Madison	Onondaga	Oswego
Farms	1000 2500 1174 / 974	921 / 762	869 / 701	835 / 555
Acres	279,209	236,112	184,114	141,549
Average Size	238	256	212	170
Crop Land	208,601	151,134	133,927	83,128
Harvested Crop Land	175,823	116,512	106,287	53,830
Value Of Ag Products	$56,115,000	$46,812,000	$39,259,000	$21,488,000
Milk Cows	25,000	35,500	17,000	11,500
Beef Cows	2,200	1,600	2,500	2,300
Hogs	10,429	705	1,529	1,179
Sheep	1,027	292	624	252
POULTRY				
Hens	392,000	42,000	271,000	2,000
Pullets	458,000	25,000	36,000	N.A.
Turkeys			140,000	

CROPS	Acres	Farms	Acres	Farms	Acres	Farms	Acres	Farms
Corn For Grain	62,157	798	16,571	370	29,203	470	3,603	183
Corn For Silage	20,138	440	22,854	552	13,977	327	8,272	256
Wheat	6,614	265	277	17	2,773	105	130	16
Oats	10,807	582	10,008	399	11,221	376	1,747	122
Hay All	60,470	885	69,402	801	44,589	616	34,395	632

County	Cayuga Acres	Cayuga Farms	Madison Acres	Madison Farms	Onondaga Acres	Onondaga Farms	Oswego Acres	Oswego Farm
Alfalfa Hay	38,382	740	41,268	635	27,444	509	9,445	248
Potatoes	644	19	582	17	75	23	419	20
Tree Fruit	700	26	200	16	2,000	39	1,200	42
Dry Beans	4,643	101	282	4	827	26		2
Vegetables	6,516	104	1,542	49	4,123	92	5,234	112
Sweet Corn	1,932	39	268	24	582	62	260	49
MUCK CROPS								
Onions	140 - 150		1,251		One dry bulb grower rest of much assortment of small seeded intensively cropped fresh market vegetables.		954	
Lettuce	0		Greater than 5				1,677	
Celery	10		0				0	
Carrots	Greater than 5		0				8	
Potatoes	550 - 600		431				16	
Approximate Acres	2,000 - 2,500		3,540		250 - 275		2,899 (Usually 3400-3600	
GREENHOUSE CROP PRODUCTION								
Growers	34		13		73		40	
Square Foot Production	162,400		66,000		446,000		166,400	
Wholesale Crop Value	$902,132		$377,5[illegible]		$2,477,530		$446,000	

County	Cayuga	Madison	Onondaga	Oswego
NURSERY SALES & SERVICE *				
Operations	19	9	37	19
Acres	300	90	800	200
Annual Sales	$4,000,000	N.A.	$6,021,000	$2,000,000

* Includes dug Christmas trees, strawberries, rasberries, glads, and mums.

County	Cayuga	Madison	Onondaga	Oswego
INTENSIVE TURF GRASS MANAGEMENT				
Golf Courses	9	9	32	10
Acres	1,530	1,530	3,510	1,530
Holes	153	153	531	153
Maintenance Costs per Year	$1,224,000	$1,224,000	$4,248,000	$1,224,000

Addendum #2

Selected Canadian Horticultural Crops Imported into the United States in 1982 Through the District Number 7 Reporting Area of the United State Census Bureau

	Quantity	Money
I. Flowers (in units)		
Live plants suitable for planting with the soil attached to the roots.	78,088 units	$136,366
II. Vegetables (in lbs.)		
Cabbage	3,209,735 lbs.	$238,060
Corn on the cob	32,000 lbs.	$ 2,074
Lettuce	3,326,415 lbs.	$276,682
Onion sets -		
Pearls	297,930 lbs.	$ 88,860
All others	5,575 lbs.	$ 1,264
III. Fruit		
Apples, fresh	3,373,213 lbs.	$464,631
Pears	39,672 lbs.	$ 22,137
IV. Christmas Trees		
Douglas Fir	200 units	$ 615
All other fir	78,169 units	$265,666
All other than fir	69,194 units	$307,967
V. Cut Flowers		
Fresh cut including bouquets from fresh plants		$ 13,586
	Total value	$1,817,908

Source: U.S. Census Bureau Publication and Trade Information Branch

Wayne Floral Co., Inc.

Office & Greenhouses:
Welcher Road
Newark, N.Y. 14513
(315) 331-6776

W/F

Mailing Address:
P.O. Box 6
Newark, N.Y. 14513

IT PLEASES US TO PLEASE YOU!

September 9, 1983

To the attention of
Honorable Senator Alfonso D'Amato

Due to the late date of notification of the field hearing it was difficult to get petitions and letters out to all concerned parties in time for them to sign their names.

We strongly feel our industry is in a CRISIS position. Prompt action must be taken immediately.

Do not hesitate to call upon us for further information on this very vital matter.

Sincerely,

Heinz C Mohr

Heinz C. Mohr
President, Wayne Floral

Wayne Floral Co., Inc.

Office & Greenhouses:
Welcher Road
Newark, N.Y. 14513
(315) 331-6776

W/F

Mailing Address:
P.O. Box 6
Newark, N.Y. 14513

IT PLEASES US TO PLEASE YOU!

September 2, 1983

A field hearing is being held by the Honorable Senator Alfonso D'Amato on September 9, 1983, 10:00 AM in the Federal Building, Room 300, Clinton Street, Syracuse, NY, regarding the effect of Canadian imports on the New York State Market.

This petition and letter has been prepared on very short notice for your approval and signature. We would like one or more representatives from each geographic area of the state to get endorsements to this document. If possible it should be photostated and delivered in person to Syracuse with as many persons from each area in attendance. If we feel this is important, lets make a show of force.

The following people have been sent the petition and letter:

Bill Kasting, Buffalo
Pete Gardner, Rochester
Steve Rockcastle, Canandaigua
Tom Dotts, Medina
Orville Sphar, Attica
George Schaefer, Binghamton
George Zerillo, Syracuse
Jim Travis, Hannibal
Lib Martelli, Huntington
Jim Luff, Lockport
Wess Cottington,
Bob Johnson, Penn Yan
Al Hirsch, Glens Falls
Charlie Dehn, Saratoga Springs
Russ Weiss, Center Moriches
Bill Miller, Eden
Tom Massi, Painted Post
George Kobylarz, Newark Valley
Steve Bogner, Utica
Al Riccardi, Albany
Irv Gillow, Buffalo

Get your local growers group to endorse this petition. Kindly send one photostat of your petition back to me. Hope to hear from you soon and see you at Syracuse September 9.

Sincerely,

Heinz C Mohr

NEW YORK STATE
TAAC
Trade Adjustment
Assistance Center

Hillside Building
4500 Old Vestal Road
Binghamton, New York 13903
607-729-2201

September 6, 1983

Mr. Heinz Mohr
President
Wayne Floral Company, Inc.
P.O. Box 6
Newark, NY 14513

Dear Heinz,

The enclosed information on Canadian exports of potted plants and cut flowers should be of interest to you. The information was obtained from the U.S. Department of the Census.

Looking at the dollar totals for the years 1980, 1981, 1982 and 1983 shows the following:

CANADIAN EXPORTS

	1980	1981	1982	(6 mos.) 1983
Potted Plants	$ 9,546,000	$11,976,000	$14,068,000	$10,690,000
Cut Flowers	842,000	1,322,000	1,704,000	482,000
TOTAL	$10,388,000	$13,300,000	$15,772,000	$11,172,000

Percentage rate of increase between 1980 and 1981 was 28.0% and 18.6% from 1981 and 1982. The total percentage increase of both potted plants and cut flowers during this three year period was 51.8%.

Heinz, I was unable to determine the amount of Canadian products specifically entering New York State but I am well aware of the problem. During the past three years the NYS TAAC has assisted at least six growers in becoming certified as eligible to apply for benefits under the Trade Act of 1974 and has been in contact with dozens of others. More recently our office has been working with vegetable growers (10 certified already) adversely affected by Canadian competition.

As you know, our office stands ready to assist you and any other growers with our program of trade adjustment assistance.

Sincerely,

Tom Kelsey

Thomas Kelsey
Senior Consultant

jkp
enclosure

cc: J. Lacey

CANADIAN EXPORTS OF POTTED PLANTS AND FRESH-CUT FLOWERS

INTO THE UNITED STATES 1980-1982 AND 6 MOS. 1983

Categories of Census Items Tracked

TSUSA #	Potted Plants
1253260	Begonia tubers with soil attached to roots
1253290	Herbaceous perennials, with soil attached to roots
1253490	Herbaceous perennials, not specifically provided for (NSPF)
1256500	Rose plants, budded, grafted or grown on their own roots
1258200	Live plants suitable for planting, soil attached to roots
1258400	Live plants suitable for planting, NSPF
	Cut Flowers
1921800	Roses, fresh
1921810	Roses, sweetheart
1922100	Flowers, fresh, cut, including bouquets, etc. from fresh plants

Commodities not listed in this report included vegetables, fruit trees, seeds and grains, etc.

		1980	1981	1982	Jan-June 1983 YTD
	*	Potted Plants			
1253260	Q	325,272	118,297	542,981	467,447
	$	323	131	390	330
1253290	Q	3,303,043	3,298,544	5,621,989	4,419,174
	$	4,865	5,256	7,582	6,833
1253490	Q	-	357,852	473,667	666,601
	$	-	266	350	183
1256500	Q	58,065	56,312	43,999	32,774
	$	89	139	125	89
1258200	Q	4,315,569	6,288,962	5,465,566	3.872,644
	$	3,989	5,035	4,880	2,787
1258400	Q	628,208	1,850,110	1,303,489	1,099,706
	$	280	1,151	741	468

		1980	1981	1982	Jan-June 1983
		Cut Flowers			
1921800	Q	318,531	597,311	884,189	-
	$	99	207	366	-
1921310	Q	-	-	-	284,842
	$	-	-	-	111
1922100	Q	-	-	-	-
	$	743	1,115	1,338	371

* units are each
$ dollars are in thousands, customs valuation

The above information was obtained from the U.S. Department of Census by Tom Kelsey, NYS TAAC.

We the undersigned, hereby petition the Honorable Senator Alfonso D'Amato for redress of the following matter:

To wit, increased imports of cut and potted Floricultural products have created havoc on our domestic and New York State market. Further, there is a great impact on all U.S. growers, particularly those in the Northeast, and that we hereby request governmental relief from such imports.

NAME	ADDRESS	DATE
Lee R. Holley	2270 Union Rd West Seneca NY	9/6/83
Raymond J. [illegible]	2244 Union Rd West Seneca NY	9/6/83
Dennis L Luft	3876 N Ridge Rd Lockport NY	9/6/83
Bob Johnson	225 Main St PENN YAN, N.Y	9/7/83
Fred Smith	" " " " "	" "
Larry Moreno	128 W. McCann Rd Elmira, NY	9/7/83

(see letter of explanation attached)
9/2/83

SUBJECT: EFFECTS OF CANADIAN FLORICULTURAL IMPORTS

Our petition is directed at the Canadian and United States Governments.

Being a business man and a citizen of the U.S.A., I feel one should be allowed the right to maintain a reasonable competitive position in ones own domestic market over outside Foreign competition.

The Canadian floricultural grower is respected and admired by his peers in the U.S. and we are not directing our petition against him personally.

Our desire is to show that the domestic producer is being put into an intolerable competitive position by the action being taken by the Canadian and U.S. governments. This position can no longer be tolerated by the New York State flower grower. It is causing irreparable damage to our industry.

We do not wish to close borders, we do wish parity with a slight advantage to the domestic producers, which we believe is his right as a citizen and defender of his country.

Canada, especially the Province of Ontario, is actively overproducing Floricultural produce, that floods and depresses our market place to the point of putting U.S. domestic producers out of business.

If prompt action is not taken immediately, our industry will suffer irreparable damage with a long range economical impact.

Our position is not primarily selfish, it is a matter of Survival!

South America, Israel and Holland are other countries that should also come under immediate study and action by our Government.

9/2/83
HCM/kg

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NAME	ADDRESS	DATE
Jennifer Conway	600 Concord Drive Webster	9-2-83
Merle A. Mohr	115 Grace Ave Newark N.Y.	9-3-83
[illegible]	2576 Ryder Rd. Newark N.Y.	9-3-83
[illegible]	Wayne Floral Newark N.Y.	9-3-83
[illegible]	4502 South Creek Rd Palmyra NY	9-3-83
Peter J. Mahn	RD#3 Box 255 Newark, NY	9/3/83
Jay E. Snook	R.D.#2 - Box 230-1, Waterloo, N.Y.	9/6/83
Richard J. Stiler	Welcher Road Newark N.Y.	9/6/83
Carlton W. Stark	779 Clifford Ave. Rochester NY	9/6 83
Russell J. Pennise	1880 Rochester Rd CANANDAIGUA	9/6/83

(see letter of explanation attached)
9/2/83

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NAME	ADDRESS	DATE
Steven Rockcastle	246 Gibson St	9/8/83
Rockcastle Florist + Grower	Canandaigua, N.Y	
Selden P. Chase	5874 E. Henrietta Rd	9/8/83
Chase Greenhouses Inc	Rush, N.Y 14443	
Steve Pearson		
Living Florist	Lima, N.Y	9/8/83
[illegible] Gardens		
[illegible] Greenhouses	5350 W. Henrietta Rd	9/9/83
	W. Henrietta, N.Y 14586	
Bogner's Greenhouses	1126 Pleasant St	
[illegible] Bogner	Utica, N.Y. 13501	9/9/83
Walt [illegible]	4577 French Rd. Ln. Manlius N.Y.	9/9/83

(see letter of explanation attached)
9/2/83

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NAME	ADDRESS	DATE
George Zerrillo	7581 Taft Rd E Syracuse NY	9/7/83
Brad Allport	RD1 Rte 20 Waterville NY	9/8/83
Rosario Vitale	7072 N Manlius Rd. Kirkville	9/8/83
William Burke	RD#1 Clay, NY 13041	9/8/83
Nick Zerrillo	1005 E. Colvin St. Syr., N.Y.	9/8/83
Art Ristoff	6780 Old Collamer Rd E Syr	9/9/83
Nick Zerrillo	7551 East Taft Rd East Syr NY.	9/9/83
[illegible]	618 Butternut St. E. Syr. NY 13208	9/9/83
Gerard R. O'Neill	3638 MIDLAND AVE Syr., NY 13205	9/9
Dominic Ristoff	6780 OLD COLLAMER C Syracuse	9/9/83
Tony Zerrillo	222 Williams St. Minoa	9/9/83
Anthony Z. Zerrillo	49 Miller St. Cortland N.Y.	9/9/83

(see letter of explanation attached)
9/2/83

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The Canadian floricultural grower is respected and admired by his peers in the U.S. and we are not directing our petition against him personally.

Our desire is to show that the domestic producer is being put into an intolerable competitive position by the action being taken by the Canadian and U.S. governments. This position can no longer be tolerated by the New York State flower grower. It is causing irreparable damage to our industry.

We do not wish to close borders, we do wish parity with a slight advantage to the domestic producers, which we believe is his right as a citizen and defender of his country.

Canada, especially the Province of Ontario, is actively overproducing Floricultural produce, that floods and depresses our market place to the point of putting U.S. domestic producers out of business.

If prompt action is not taken immediately, our industry will suffer irreparable damage with a long range economical impact.

Our position is not primarily selfish, it is a matter of Survival!

South America, Israel and Holland are other countries that should also come under immediate study and action by our Government.

9/2/83
HCM/kg

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Vegetable Improvement Cooperative
Association, Inc.

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STATEMENT BY

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PRESIDENT - ORANGE COUNTY VEGETABLE IMPROVEMENT
COOPERATIVE ASSOCIATION, INC.

BEFORE SUBCOMMITTEE ON SEPTEMBER 9, 1983

SENATE SMALL BUSINESS COMMITTEE

We welcome the opportunity to present testimony on the effect of Canadian agricultural imports on our northeastern markets.

We freely acknowledge that Canada is the largest foreign market for U.S. fruit and vegetable products. This fact should not mask some important considerations:

Canadians are heavy consumers of fresh vegetables. The weather conditions in Canada are very much like the weather conditions of our Northern Tier states. Of necessity, the Canadians concentrate their vegetable exports to the United States during their "in season."

The U.S. West Coast and other parts of our country grow vegetables during the "out-of-season" period. Canadian imports are concentrated during the "out-of-season" period. Virtually all of their vegetable imports come from the United States because of proximity, price and quality. U.S. exports to Canada, for the most part, occur only when they are needed.

The concentration of the Canadian exports during the in-season period when many U.S. growers are trying to sell to major terminal markets, has a devastating effect. At the present time, Canadian vegetable exports to the United States are concentrated in Eastern cities. A trading area for growers constitutes not only the home state, but terminal markets some distance from the home state.

The concentration in the Eastern terminal markets is not accidental. The Eastern markets represent some of the highest-volume markets and the lowest freight expense from Canada. In the Sept. 18, 1982 issue of The Packer, Eugene Whelan, minister of agriculture for Canada, stated his government's intention to increase agricultural production 70 to 100 percent. This statement should not be taken lightly.

The implications are clear. As more production is attained, Canadian exports to the United States will seek more distant markets in the United States. This will be true of all vegetables as well. Small mention is made that in 1982 Canadian exports of potatoes to the United States far outstripped U.S. exports to Canada.

The question arises: "How do the Canadians manage to pack such a wallop in important U.S. markets?" The answer, of course, is governmental subsidies.

Specifically, Whelan explained that producers receive aid "if the cost price return is below the cost of production and the crop does not return 90 percent of the last five years' average." A federal government program has been organized to reimburse the grower for this loss.

The Canadian federal government also organized a crop insurance program funded equally by the federal government and growers to provide aid following a crop disaster.

"It's a half-crop insurance in case of a crop disaster," he explained. "We pay that right away. Some (producers) don't even mention the federal government being involved."

The provinces, he added, have some independent subsidy programs.

Whelan continued: "If I was the U.S., I'd be a little concerned, too. Quebec and Alberta are subsidizing (producers)."

Whelan's response is a little disjointed, but a number of essential elements are included.

Canadian agricultural subsidies are in voluminous detail, so an overview is the best approach. A cornerstone of the subsidy program is the guaranteed "90 percent of the last five years' average." The U.S. grower does not have this valuable safety net. The Canadian subsidies are literally too numerous to mention. Moreover, there are both federal and provincial subsidies. The range is wide, covering loans, advance payments, water systems, drainage, and housing for workers, to name a few.

The American Farm Bureau Federation has calculated that Canadian fresh produce growers receive $4.00 in subsidies for each $1.00 worth of subsidy received by U.S. growers.

It is no secret that Canada aims to double food output value by the year 2000 (The Packer, Sept.18). Canadian farmers receive sympathetic treatment at every level of government. U.S. vegetable growers have not been accorded this consideration by their government. The inequality is highlighted by the Canadian surtax.

In 1979, a fast-track system of surtaxes, to be imposed at times of unusually low prices, was instituted. Under this system, a surtax on imports equal to the difference between the f.o.b. price and a benchmark price (85 percent of the average price of the past three years or 90 percent of the average price of the past five years) can be imposed. For a small list of named commodities, including lettuce, potatoes, strawberries and cherries, the process of recommending the placement of a surtax is automatic.

For other commodities, a decision on imposing the surtax must be made within 20 days of a grower request. Once in place, the surtax can remain for up to 180 days.

We have nothing to match the Canadian surtax. It is incomprehensible that such a state of inequality should exist between Canadian and U.S. fruit and vegetable growers. We are not asking for subsidies, but we are asking for a surtax like Canada's.

The Canadians have shown considerable skill in the drafting of their surtax. A great deal of thought has gone into the surtax. We would be very happy to benefit from their experience.

The surtax is an intermediate step before protectionism. It is operative only when subsidized imports cross our borders at declining prices that would erode our fruit and vegetable industries.

Congressman Gilman's Bill HR 3193 offers U.S. producers the benefits of a fast-track surtax modeled somewhat after the Canadian surtax but with improvements which make it GATT legal.

We do not seek protection against imports for an inefficient industry - we seek fast, effective means to prevent foreign subsidized imports from abnormally depressing our domestic markets. U.S. producers can always compete with any country in the world in food production on an equitable basis. U.S. producers cannot continue to effectively compete with the foreign producer and his national treasury.

[Whereupon, at 11:54 a.m., the subcommittee recessed, to reconvene at the call of the Chair.]